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INSIDE: 1991 PRSA Guide To Professional Resources

BIG "GREEN" BROTHER IS WATCHING

BUSINESS RESPONDS TO ENVIRONMENTAL CONCERNS

Earth Day '90 Revisited: A Progress Report

PUBLIC RELATIONS JOURNAL

April 1991 Vol. 47 No. 4

FEATURES

14 Big "Green Brother" Is Watching: New Directions In Environmental Affairs Challenge Business

A growing number of Americans identify themselves as environmentalists. U.S. businesses are addressing concerns that include "green marketing" of environmentally friendly products and packaging, and pollution prevention. In this age of environmental activism, the quick fix is out. Companies wishing to be perceived as "clean" must carefully research, plan and promote their environmental public affairs programs.

Susan Schaefer Vandervoort, APR

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22 Every Day Is Earth Day

Was the 20th anniversary of Earth Day celebrated on April 22, 1990, just "eco-hype," or did it accomplish something? There's no simple answer. But what the massively publicized event did do is break down barriers between the "tree-huggers" and the mainstream. *Josh Baran*

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23 Business Changes Its Ways

In many ways, Earth Day 1990 symbolized the beginning of a new era for business. The days of bolstering the bottom line at the expense of the environment came to an end. Millions of consumers – who now make purchasing decisions based on whether a product or company is "environmentally friendly" – made sure of that.

A. Joseph LaCovey

24 Public Relations, Store Tie-Ins Launch "Green" Cosmetics Line

An extensive public relations campaign helped Estee Lauder Cos. launch "Origins," an "environmentally sensitive" cosmetics line. Local promotional tie-ins with leading department stores across the country resulted in initial sales far exceeding projections.

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- Clients, not exams, stress students
- Life after Mapplethorpe
- Practitioners square off with media

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Kids teach capitalism to new revolutionaries
Amelia Lobsenz, APR

Cover: *Jim Arndt Photography. Beth Little, a St. Paul, MN, schoolteacher and MOBIUS curriculum consultant, with the program's recycling mascot and a group of children who are studying about recycling and the environment.*

Public Relations Journal is published monthly by the Public Relations Society of America, 33 Irving Place, New York, NY 10003-2376.

Going for the "green"

How public relations professionals can help organizations effectively deal with environmental issues is the subject of this month's cover story. Full of useful terminology and references, Susan Schaefer Vandervoort's piece provides a theoretical framework along with practical tips for directing and nurturing an organization's environmental position with its many publics: consumers, advocacy groups, regulators, government officials, employees and customers.

"Green" has become good business. 3M's pollution prevention program has saved it $500 million in cleanup costs over 16 years and continues to generate positive press and community relations. And Estee Lauder's "green" marketing success shows that ecologically safe cosmetics can be sold in the finest stores, especially when promoted along with environmental cleanup or conservation efforts.

On the eve of the 21st Earth Day, we also present two evaluations of the effects, accomplishments and environmental situations still to be resolved a year after the massive 20th anniversary celebration.

As the "greening" process continues, public relations professionals are being charged with converting complex, often adversarial relationships into cooperative efforts for mutual benefit. Proactive environmental programs by business and industry must be carefully positioned and marketed to appeal to and succeed with many different constituencies. It should no longer be difficult for a public relations counselor to get management's attention and budget for green projects. Fear of environmental disasters has created a booming market for crisis and risk management counselors, strategies and communications. In many cases, pollution control and reduction, waste management and recycling are necessary courses of action for an organization's very survival.

The trick for the public relations professional will be to balance the conflicting demands of the many publics involved when a green issue sprouts up. With the advent of environmental terrorism, there has probably never been a more critical time to clean up our global act. As Kermit the Frog would say, "It isn't easy being green." But the effort is worth it. And public relations practitioners are in a unique position to color this brave new world.

Susan L. Fry, Editor

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Plowing new ground in environmental affairs

E. Bruce Harrison, APR

Business and industry executives rightly see the environment as one of their biggest and most problematic issues. U.S. company managers are looking for ways not only to respond to tough green-versus-growth issues – tougher here than in any other country – but to take charge, go beyond environmental compliance and manage for competitive advantage.

"Greenism" is forcing public relations to plow new ground. As counselors, we are asked to address a myriad of environmental issues and problems. Risk and crisis management are critical skills. "Green" issues range from waste disposal to chemical emissions, water pollution to recycling and global warming to conservation.

A recent survey identified six major pieces of legislation and a dozen other environmental concerns to at least 20% of the companies in the sample. No less than 95% of respondents considered implementation of the Clean Air Act most important. Pollution prevention concerned 79%, with 68% citing Superfund and the Clean Water Act as "important." *(See box.)*

Negative images of industrial accidents and environmental disasters coupled with the media's bias toward green advocacy are shaping public perceptions. This situation makes straightforward communication among media, industrial and public interests, even about matters unrelated to the environment, extraordinarily difficult today.

Information that used to be proprietary to corporate management is now public. For instance, the Superfund law requires publication of raw data about plant and process air emissions. Employees, communities, activist groups, security analysts and others get the numbers in print media or on the nightly TV news, as do corporate executives. This situation makes open exchanges between business and publics on green issues hazardous at best. As a result of an incredible abundance of information directly received or distilled by others, management must deal with confusion, misperceptions and preformed attitudes.

Faced with these conditions, organizations can easily falter in a crisis. Take, for example, the Exxon Valdez incident in March 1989. Clear lessons emerged: The CEO makes or breaks the public relations outcome. Like a relief pitcher, the CEO is only as good as his last "save." A company can do the right thing technically and still lose the public relations game.

The human factor is particularly powerful in environmental affairs, often outweighing science, logic or even facts.

Issues have broad impact

Because of these factors, green public relations issues are exerting their influence. Here are a few examples:

- **Banking**–When evaluating loan requests from businesses, bankers must now consider whether a business will develop or inherit environmental problems that could leave the bank saddled with heavy liabilities.
- **Health Care**–The disposal of medical and radiological waste is becoming a major dilemma for many hospitals and clinics, as incinerators are banned. Public consciousness of pollution, and the possibility of related disorders, is on the rise.
- **Engineering**–The subspecialty of environmental engineering has exploded with opportunity. Companies and government agencies find they must hire technical experts to guide them through the maze of environmental laws and regulations.
- **Law**–Environmental law practices are also a major growth area, both in the government and the private sector.
- **Science**–Certain issues expose the flaws in the popular image of science as an objective, fact-driven march along the high road toward truth. Nutrition is one; the environment is another. Acid rain and global warming are examples of environmental issues that reveal strong partisanship in the face of ambiguous scientific evidence.

Environmental sciences have grown

Managers Rank Environmental Issues

Issues are ranked in order of importance by a selected sample of key environmental managers of 18 companies and one labor union. Roughly one-third of respondents were from petroleum companies; the others were spread evenly among manufacturing, electronics, food, transportation, utility and chemical plants.

Percent Ranking "Important"	Issue(s)
95%	Clean Air Act Implementation
79%	Pollution Prevention
74%	Resource Conservation & Recovery Act Reauthorization
68%	Superfund, Clean Water Act
58%	Environment Taxes, Alternative Fuels
53%	Groundwater, Wetlands
47%	Global Environment, Toxic Substances
37%	Oil Spill Liability, Solid Waste
26%	Energy Security, Acid Rain
21%	Drinking Water, Ozone Depletion, Offshore Mining/Minerals

The following issues were listed as important to less than 16% of respondents: wilderness areas, Arctic National Wildlife Refuge, asbestos, endangered species, EPA construction grants, forestry issues, pesticides, soil conservation and water resources.

Source: National Environmental Development Association

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prominent within the world of science in general. It is speculated that ecology could displace physics as the pre-eminent scientific discipline within a decade or two.

Public interest turning "green"

The roots of this endemic institutional preoccupation with the environment lie in the public's interest in it. Workers, consumers, school children and other groups all rate the environment among their most serious concerns. It has become a polling cliche that three-fourths of Americans consider themselves "environmentalists" (even if a considerably smaller percentage are notably active). And most have decided that they don't trust business to advance their interests in this regard.

The pivotal media role in this process cannot be ignored. Vivid coverage of environmental disasters and tragedies has created a gallery of memorable images in the public mind: Love Canal, Santa Barbara, Bhopal, Prince William Sound, Kuwait.

Moreover, the media are seen by some as having become actors in these dramas, not merely reporters of them. As *Wall Street Journal* reporter Amal Kumar Naj has written, "...In a remarkable transition, the baton of environmentalism has passed from fence-climbing radicals and fringe groups into the hands of a powerful and credible constituency, the media....A number of journalists feel, and rightly so, that if they don't rigorously influence public policy and force the issue on the business community, nothing will be achieved."

How can practitioners help?

At the least, the risk communicator can help management understand why certain publics are worried about certain products or practices. But the practitioner's role goes beyond merely conveying information to building public relationships. This implies discourse and interaction, keeping a finger on the public pulse and interpreting that pulse to management.

"Ecology could displace physics as the pre-eminent scientific discipline within a decade or two"

To be effective, a business executive has to see green and growth as a rapidly widening interface. Public relations activities must harmonize environmental concerns with management's need to create and serve customers.

Public relations professionals must advise corporate clients how to adapt in response to shifting public sentiment on environmental issues. Corporate change must be managed and appropriately communicated both internally and externally.

Counselors must be prepared to solve problems as part of a team that includes other key professionals, including lawyers, engineers and financial officers. To meet this challenge, we will have to apply more market research, explore and understand the psychology of litigation, and become more aggressive about risk interpretation. We must realize that our companies and our clients will be communicating with the media and important publics who have virtually the same information we have.

Counselors need to give business management accurate and anticipatory advisories of public fears and desires on environmental matters. They must also provide concrete ways to change public perceptions of business conduct when green issues arise. In this way, our services will be in great demand as green becomes routine.

E. Bruce Harrison, APR, is chairman, E. Bruce Harrison Co., Inc., Washington, DC. Eighty percent of the firm's public relations counseling involves environmental issues for business and government.

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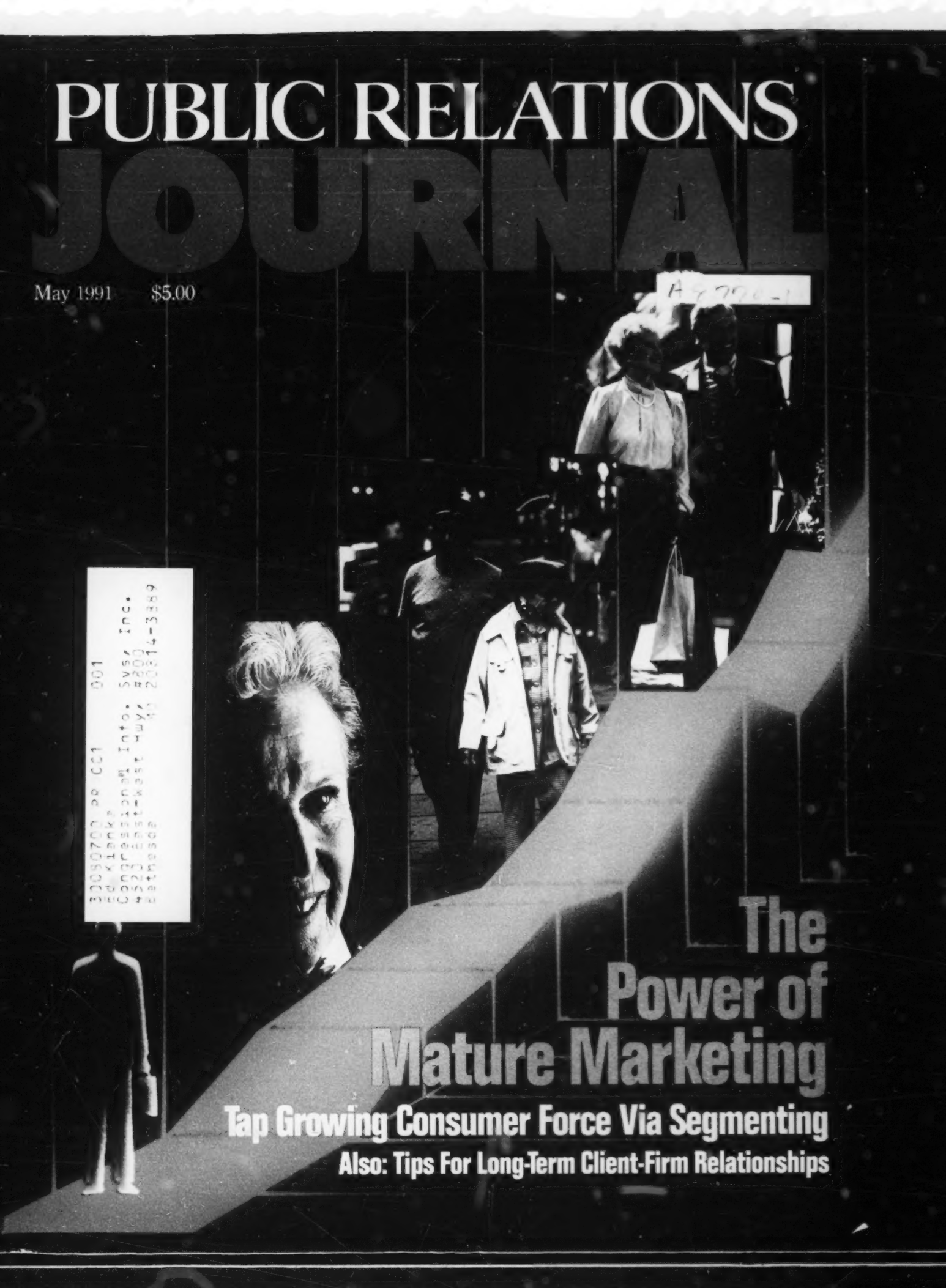

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The Power of Mature Marketing

Tap Growing Consumer Force Via Segmenting

Also: Tips For Long-Term Client-Firm Relationships

PUBLIC RELATIONS JOURNAL

May 1991 Vol. 47 No. 5

FEATURES

14 Reaching Older Audiences: Aging America Presents Communications Challenges and Opportunities

Older Americans are a growing market, with estimated discretionary income of $139 billion. To reach diverse, senior publics and take advantage of product and service marketing opportunities, practitioners must throw out common myths and stereotypes about older people and address their various life-styles.

James R. Holland

18 Segmenting Will Unleash Mature Market Potential

The senior market is diverse and complex. Four major subgroups exist, each with different concerns and values. While awareness of these differences will help communicators target each subgroup, some broad product usage and spending trends do apply.

Frank Conaway

22 Avoiding Culture Conflict: Dangers Threaten Long-Term Firm-Client Relationships

With each new business relationship comes possible pitfalls as well as opportunities. Differences in style and structure between a client and its public relations firm can lead to gaps between expectations and reality. Can aware practitioners avoid these stumbling blocks to long-term success?

Bill Doll

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Elizabeth Howard

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Tapping the diverse senior market

New opportunities for marketing products and services to the burgeoning group of mature Americans abound today. The entire senior market has total discretionary income of as much as $150 billion, according to this issue's contributors. Yet this sleeping giant of a market has been largely untapped by marketing and public relations professionals.

By the year 2020, 52% of the U.S. population will be 65 or older, as the post-World War II "Baby Boomers" age. By 2030, more than 65% of American citizens will fall into this age group. In 1989, 31% of the U.S. population fit this age category, according to the U.S. Bureau of the Census.

Seniors are by no means a homogeneous market, our contributors note. The faces of aging America are many and varied, with people representing several generations in the vast group currently aged 50 to 100! Public relations professionals need to account for differences in income, life-style and activity as well as age to reach senior publics. *PRJ* Executive Editor Judy Gordon has done an excellent job of editing our two cover reports and the accompanying case study in this issue.

Today's seniors will live longer, healthier, more active lives. They offer an expanding market potential, yet pose unique challenges. James Holland, director of communications, American Association of Retired Persons (AARP), the major advocacy group for older Americans, describes key factors marketers must recognize when tailoring their communications programs toward this group *(page 14)*. Membership in AARP starts at age 50.

Some senior market analysts, such as Primelife's President Frank Conaway, feel that segmenting seniors by age groups is the best way to begin targeting elements of the market. By the way, his age subgroups start at 55 *(page 18)*.

Not all seniors are affluent, as the case study on marketing reverse mortgages to "house-rich, cash-poor" seniors in California illustrates *(page 16)*.

Harnessing the power of mature marketing is an activity that offers great potential profits to public relations professionals. The challenge now is for practitioners to become more mature in the nuances of the aging population and find appropriate means of addressing their wants, needs and desires.

Susan L. Fry, Editor

BRIEFINGS

EDITED BY ADAM SHELL

A look at the future of counseling

Survey of corporate clients offers glimpse of firm practice

Your counseling firm is one of the finalists for a lucrative corporate account. What attributes will set you apart from your competitors? Your large size? Your impeccable reputation? Probably not.

In fact, the top three factors clients look for when shopping for a public relations counseling firm are quality of the account executives who do the work, experience in the client's industry, and the ability to meet deadlines. *(See charts, page 12.)*

The four activities that corporate clients hired counselors to perform most last year were crisis management (51%), media relations (47%), legislative/regulatory affairs (44%), and product/service news (43%).

These are just a few of the findings of a recently completed mail survey of all 1,253 members of PRSA's Corporate Section conducted by the Counselors Academy. The nationwide survey provides invaluable information on how and why corporate clients select and use outside counseling firms. It also presents a profile of respondents' staffing and funding as well as a snapshot of what the counseling business may look like in the next decade.

The survey results were presented on April 10 at the Counselors Academy 1991 Spring Conference held in Naples, FL. The study was conducted and supervised by Dean Behrend, vice president of Dallas-based Savitz Research Center, Inc. Questionnaires were returned by 263 respondents, a response rate of 21%.

Demand is up, dollars are not

The demand for effective corporate communications is expected to increase. At the same time, the report summary noted that a spending squeeze is on and that little or no relief – even in good times – is in sight. In fact, respondents predicted that a growing number of counselors will be competing for fewer and fewer dollars in the future.

"The demand on corporations to communicate effectively with their diverse publics is not going to abate nor is the need for the independent counselor," the report summary concluded. "The main message seems to be that the need will expand but the dollars available will not, thereby putting the squeeze on both the corporate practitioner and the independent firm."

As a result, firms must pay closer attention to cost containment, the report concluded. They must also excel at specialties and niches as well as generalist work. Problem-solving skills will also be in great demand.

Advice on hiring

Overall, 72% of respondents reported using outside counseling firms. About equal proportions (21% to 23%) said they retain counsel on an annual retainer, on an "as needed" basis, or on special assignments created by unforeseen circumstances. About 25% said they were not currently using outside counsel.

Corporate clients offered plenty of advice to counselors seeking new business relationships. They urged firm practitioners to do their homework and demonstrate an expertise not found in the prospective client's organization. Clients now expect their counseling firms to bring a value-added capability to their organizations.

Firms that attract and retain top-flight professionals will also fare well. But corporate respondents stressed that they are turned off by firms that showcase a first-rate presentation team who disappear once

Continued on page 12

Magazine/newsletter: Wilderness Society; National Audubon Society

What "green" messages are credible?

"Green" marketers looking to target eco-active opinion leaders should concentrate on getting their messages into newsletters and magazines published by environmental groups. Why? Because a large percentage of consumers not only rely on these publications for information, but also give them the highest credibility ratings, according to a recent study conducted by the Scott Paper Company.

This media relations tip is just one of many cited by green marketing consultant Jacquelynn Ottman in her new book, "Environmental Consumerism: What Every Marketer Needs to Know" (Alert Publishing, Inc., 1991).

When it comes to credibility, consumers have a much harder time believing environmental claims made by manufacturers. In fact, not even 1% of respondents from the Scott study rated manufacturers as the "most credible" source of environmental information.

"This skepticism sets up a formidable hurdle for marketers," wrote Ottman. "It casts great doubt on the effectiveness of traditional public relations and advertising to communicate a company's 'greenness' to this core of activists."

The author stressed that activists, like most Americans, get most of their information from television news. But unlike less critical viewers, they place considerably less stock in these messages.

"Consumers seek out, and pay for, the information in environmental newsletters," the author wrote. "They are literally 'members' of the organizations. Consequently, there is far more involvement and belief in these newsletters than in TV news." *(Editor's note: This book will be reviewed in an upcoming issue of* PRJ.) □

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There are many professionals who deserve to be recognized, but have not yet been honored. Please help us to identify these people.

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BRIEFINGS

A glimpse of firm practice

Continued from page 6

the account is secured. "Bait and switch tactics are unwelcome," the study noted. Successful counselors must also be mindful of budgets and anticipate needs rather than being reactive. A final piece of advice to counselors is "don't overpromise."

In 1990, an average of 2.4 firms were hired by each corporate client, of which 29% were engaged for the first time. The major reason cited (54%) for adding a new firm was to obtain the services of a specialist not available from a clients' other counselors. About one-third of the new firms were engaged as an addition to the clients' outside resources. Nearly 25%

> "The need for counseling will increase but the dollars available won't"

were hired for other reasons such as special events and crisis situations. Only one out of seven (15%) replaced incumbent firms.

Corporate spending dips slightly

Although most survey participants reported no change in the size of their staff in actual numbers, a slightly higher proportion of respondents reported decreases in staff as opposed to increases. Similarly, non-salary expenses – including the usage of outside counsel – were more likely to have decreased compared to a year ago.

Work awarded to firms

Activity	% of clients using external counsel
Crisis management	51%
Media relations	47%
Legislative/regulatory	44%
Product/service news	43%
Issues management	39%
Industry/trade press relations	36%
Speechwriting	34%
General news bureau	33%
Financial/investor relations	29%
Community relations	23%
Employee communications	16%

Source: Sawitz Research Center, Inc.

Why clients hire firms

Criteria	Avg. score
Ability to meet deadlines	9.3
Quality of account team	8.8
Experience in specialty	8.6
Perception of client/firm "fit"	8.6
Reputation of firm	8.5
Experience in client's industry	8.3
Stability of firm's staff	7.9
Financial stability of firm	7.7
Fee structure	7.5
Independent references	7.5
Firm presentation	7.3
Geographic proximity	6.8
Examination of portfolio	6.3
References provided by firm	6.2
Years in business	5.5
Size of firm	4.4

Source: Sawitz Research Center, Inc.

Respondents rated the importance of 16 factors on a scale of one to 10 (10 rating being highest importance).

And despite the fact that seven out of 10 respondents said their management is fully committed to public relations, a similar number reported that the commitment did not extend to full funding. "These data continue to lend support to the idea that today's corporate PR function will have to do more or the same amount of work with the same or fewer resources," the study concluded.

The next decade

Public relations in the '90s will be just as stimulating and challenging as it was in the '80s, the study predicted. However, tight corporate budgets will accelerate the demand for "meaningful measurement of PR programs" and "long-range planning."

The small independent public relations firm will have to become more specialized in order to succeed, according to the study. Corporate respondents do not see significant growth for independent firms. In addition, public affairs, government relations and issues management are not expected to become distinct practices outside the corporate communications function. □

Public relations freelancers report brisk business

Freelancers specializing in public relations report that they're very busy these days. Business is "good or better than ever," according to more than half (52%) of the 88 freelance entrepreneurs surveyed by Charet & Associates, a New York City-based executive search firm specializing in communications.

The lion's share of the work is coming from corporations. In a related Charet poll of 100 corporate communications executives, three out of four respondents said they used freelancers "sometimes or quite often."

Writing remains the top skill sought by employers. Sixty-eight percent said they use writers for either speechwriting, press releases or other communications. (*See box for other duties performed by freelancers.*)

Freelancers focus on specialties

Service	% who specialize
Writing	87%
Specialized PR for an industry (includes high-tech, health care, financial, etc.)	71%
Publicity	41%
Project management	37%
Special events	25%
Training	4%
New business presentations	4%

Source: Charet & Associates

Oddly enough, 80% of corporate respondents said they have not increased their use of freelancers during the recession. The steady demand for freelancers can be attributed to reasonable fees and the fact that many now do only public relations work. All of the freelancers polled by Charet, for example, were former firm or corporate practitioners. Most possess expertise in any number of public relations specialties ranging from high-tech to financial.

"We saw a trend in which corporations were hiring big firms less, finding that they could go directly to less expensive, entrepreneurial shops for the same quality work," noted Sandra Charet, president of the recruitment firm. □

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Sixth Annual

Salary Survey

What Factors Affect Your Fortune?

PUBLIC RELATIONS JOURNAL

June 1991 Vol. 47 No. 6

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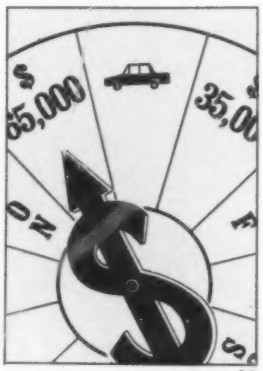

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What factors affect salaries most?

In evaluating the data presented in *PRJ*'s Sixth Annual Salary Survey, we see a continuing gap between the salaries of men and women in public relations. In general, a gender gap in salaries persists when age, experience and other factors are taken into consideration. As years of experience increase, so does the salary gap. Women who are accredited tend to do better in terms of pay than non-accredited women. The former also tend to have more experience.

Both the Salary Survey and independent data from a separate survey of PRSA members on "gender gap" issues indicate that the distance between men's and women's salaries is narrowing. In the past year, women have received higher annual salary increases than their male counterparts with similar job titles and levels of experience, both studies show.

While they show similar trends, the two studies are not directly comparable. The studies were done for different reasons, they dealt with different populations and involved different methodologies.

The good news is that the median salary raise for all public relations professionals, regardless of gender, rose an average of 7% in 1990. At $43,718, the median salary for all respondents represented a median increase of 17% over the previous year's average raise. The not-so-good-news for women, at least, was that while 47% of all surveyed made more than $45,000 in 1990, most of these higher-paying positions were held by men, not women.

Putting the gender gap aside, where you fall on the salary wheel of fortune depends on factors such as experience, the specialty in which you work and the type of duties you perform. Partly due to the recession, there was a 24% drop in the number of corporate practitioners answering *PRJ*'s salary survey this year. At the same time, the number of respondents from the non-profit sector rose 20%. Salaries in corporations, on average, remain higher than those in the non-profit sector. Salary averages for similar titles and responsibilities in public relations firms generally fall between the corporate and non-profit levels.

Susan L. Fry, Editor

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The Public Relations Society of America (PRSA) is an individual membership professional society of 15,357 public relations practitioners. Its major services to members include programs of Professional Development and Accreditation, an Information Center, publications, tracking of issues of national concern, and promotion of ethical practice through adherence to PRSA's "Code of Professional Standards." PRSA's mission is "To serve the public need for understanding and cooperation among its diverse interests by fostering high professional and ethical standards for all those practicing public relations."

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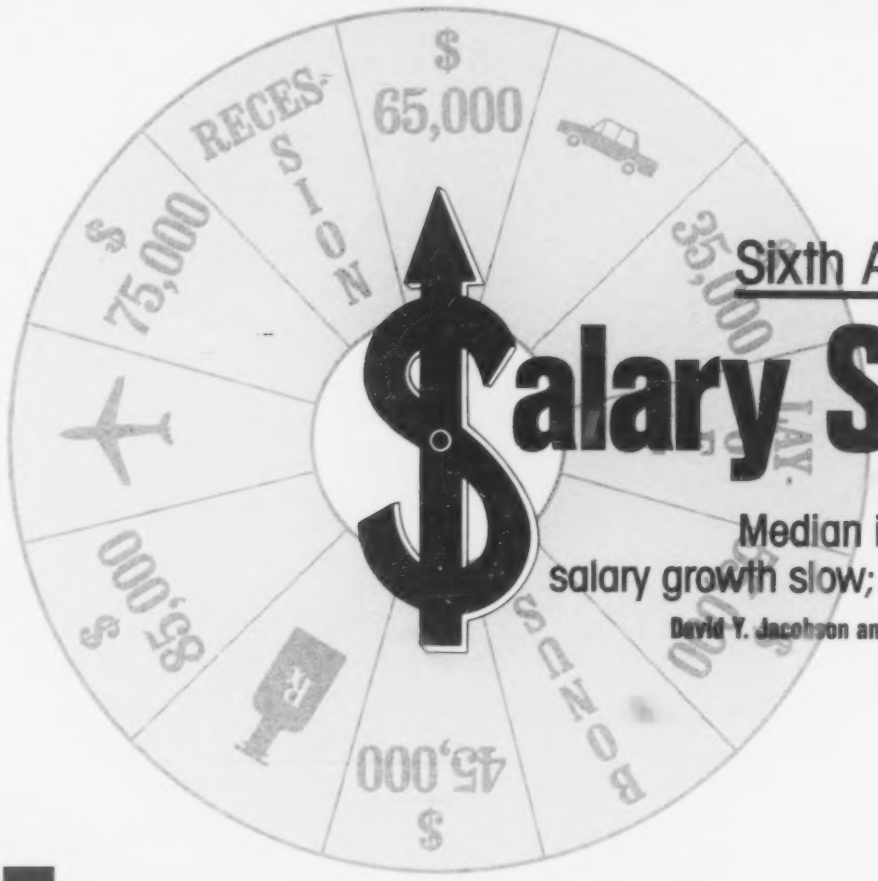


Sixth Annual

Salary Survey

Median is $43,718; salary growth slow; gender gap narrows

David Y. Jacobson and Nicholas J. Tortorello

The current recession has affected salary growth in the public relations profession, according to *Public Relations Journal*'s Sixth Annual Salary Survey. The study reveals *PRJ* readers have a median salary of $43,718. This is up a small amount from last year's results. In all categories, the survey shows slow overall salary growth over the last year.

Analysis of the survey respondents and data also reveals other effects of the recession on *PRJ*'s readership and changes in the mix of specialties represented. The number of respondents from the corporate sector declined by 24%. This suggests that as corporate America has tightened its belt, public relations practitioners have experienced job cuts, layoffs and early retirements. A severe drop has occurred in the "smokestack industries," such as manufacturing and utilities, as well as in the financial services area. The number of respondents from the government/health care/non-profit sector, particularly in education, increased by 20%.

While men's salaries top those of women in all breakdowns by title, region and age, the gender gap in salaries has narrowed over the last year. The great majority of respondents of both sexes rejected the statement that it is harder for men than women to reach top-level positions. The converse, that it is harder for women than men to reach the top in public relations, was a majority view of women but not men in the 1990 survey.

Specific salary, bonus and attitude breakdowns follow.

Salary growth slows

The median public relations salary in 1990 as reported by respondents was $43,718. This is 1.2% higher than it was last year. The survey results are based on 2,606 responses to a survey mailed to 6,231 *PRJ* subscribers, a 42% response rate. The results are projectable to the *PRJ* readership as a whole, but not necessarily to the entire public relations profession. All the percentages reported in this article were tested for statistical significance. The margin of error is ±3%. *(See "Survey method and sample description," page 18.)*

Men continue to earn more than women. The median salary for men is $53,977, compared to $37,621 for women. While men earn 43% more than women, the gender gap has narrowed relative to last year, when the median salary for men was 49% higher than it was for women. The increase in the median salary for women between last year and this year was 4.7%. For men, it was just .6%.

For all respondents, regardless of gender, the median reported salary raise in 1990 was 7%. This is an increase of 17% over the reported median raise of 6% in 1989. The 17% increase in the median overall raise is only slightly higher than the increase in the cost of living. According to the Bureau of Labor Statistics, the cost of living rose from 4.8% in 1989 to 5.4% in 1990—a 12.5% increase year-to-year.

Corporate salaries remain higher

Among account executives and account supervisors, the highest median salaries are earned by respondents in corporations. *(See table, page 15.)* Account executives (including junior and senior account executives, associates/representatives and assistants) at corporations report a median salary of $31,046. This is approximately 7% higher than the median salaries reported by account executives in public relations firms ($28,957) and government/health care/non-profit organizations ($28,822).

Among account supervisors (including account supervisors, supervisors/managers, coordinators, group managers, directors and vice presidents), the highest median salaries reported by respondents are at corporations ($51,572). The lowest median salaries are in government/health

care/non-profit organizations ($40,390). Account supervisors' salaries at public relations firms are nearly halfway between those at corporations and those at non-profits ($45,814).

At senior management levels (including senior/executive vice presidents, senior counselors, chairmen/presidents, partners and owners), the median salaries reported at corporations ($85,115) and in government/health care/non-profit organizations ($87,162) are considerably higher than the median salary at public relations firms ($68,982). This might reflect the relatively small number of respondents in senior management levels at corporations and non-profit organizations in this survey.

At each title level, men earn more than women, though the gender gap has narrowed significantly over the past 12 months at the account executive and senior manager levels. The median salary for male account executives ($31,796) is 12% higher than that of their female counterparts ($28,290). The difference was 22% last year.

The gender gap at the account supervisor level is as broad as it was last year (40% versus 41%). The median salary for men is $55,060 as compared to $39,433 for women. Male senior managers now earn 16% more than do their female counterparts, compared to 32% more a year ago. The median salary for male senior managers is $74,868; it's $64,293 for women.

Gap widens with experience

The gender gap is apparent at every level of experience. The median salary for men with less than five years of experience is $28,992. This is 12% more than what women with similar experience earn: $25,926. *(See table, page 16.)*

As the years of experience increase, so does the salary gap. Men with five to nine years of experience reported a median salary ($43,338) that is 18% higher than that for women with the same experience ($36,811). Men with 10 to 14 years of experience and men with 15 to 19 years of experience earn salaries approximately 20% higher than their female counterparts. The gap narrows slightly with 20 or more years of experience. At this level, the median salary for men ($69,520) is 17% higher than for women ($59,444).

At all levels of experience, men are more likely than women to earn $45,000 or more. The gap between the sexes is highest among public relations professionals with less than 10 years of experience.

Men in this category are nearly twice as likely as women to make at least $45,000. While 11% of the men with less than five years of experience earn $45,000 or more, 5% of the women report similar salaries. Among individuals with five to nine years of experience, 45% of the men earn at least $45,000, compared to 21% of the women.

Thereafter, the gap between the sexes narrows somewhat. Men with 10 to 14 years of experience are 1.4 times as likely as women to earn at least $45,000 annually (72% compared to 50%). With 15 or more years of experience, men are nearly 1.2 times as likely to earn $45,000. At that level, 81% of the men report earning at least that

Salary Survey

Salary by Job Title, Type of Organization and Gender

Job Titles	(weighted base)	median salary	% $45K+
All Respondents (all titles combined)	(2,606)	$43,718	47%
Account Executives (junior and senior account executives, associates/representatives, assistants)			
public relations firm	(161)	28,957	8
corporation	(121)	31,046	12
government/health care/non-profit	(118)	28,822	11
men	(144)	31,796	17
women	(266)	28,290	6
Supervisors (account supervisors, supervisors/ managers, coordinators, group managers, directors, vice presidents)			
public relations firm	(261)	45,814	52
corporation	(704)	51,572	63
government/health care/non-profit	(722)	40,390	38
men	(771)	55,060	70
women	(940)	39,433	35
Senior Management (senior/executive vice presidents, senior counselors, chairmen/presidents, partners, owners)			
public relations firm	(332)	68,982	72
corporation	(24)*	85,115	96
government/health care/non-profit	(27)*	87,162	92
men	(250)	74,868	79
women	(133)	64,293	65

Table excludes non-response to questions about job title and type of organization as well as all "other" job titles.

**Caution: small base.*

Nearly half (47%) of all responding public relations practitioners earn more than $45,000. Respondents at all title levels in corporations report the highest median salaries. At the account executive and supervisory levels, respondents at public relations firms have the next highest median salaries. At the senior management level, the median salaries reported at government/health care/non-profit organizations are substantially higher than those reported at public relations firms. At all levels and organizations, the median salaries reported by males are greater than those of females.

amount, compared to 70% of the women. At 20 or more years of experience, 85% of the men and 71% of the women report earning $45,000 or more.

The gender gap is also apparent with age. *(See table, page 17.)* The median salary for men under 35 years old is $34,324. This is $3,033 (10%) more than the median salary for women under 35: $31,291. The salary gap broadens after age 35. The median salary for men 35 and older, $60,905, is 32% greater than that of their female counterparts: $46,031.

Consistent with these findings, men under 35 are nearly twice as likely to earn $45,000 or more as are women under 35 (26% for men compared to 14% for women). Though the proportion of women 35 and older earning $45,000 or more jumps to just over half (52%), slightly more than three out of four responding men 35 or older earn $45,000 or more (76%).

It is interesting to note that the median salaries rose in all categories except that of men with less than five years of experience. This year's median salary of $28,992 for men in that category is down from last year's median salary of $31,993. In addition, the 1989 median salary for men under 35 was $37,355. This year's survey resulted in a median of $34,324 in that category, while median salaries in all other age categories were up from last year's results.

Another sign the gender gap is narrowing is that women overall report higher median salary raises than do men: 7% for women, compared to 6% for men. Though the great majority of men and women report receiving salary raises, the proportion of women receiving them is higher (79%) than it is for men (72%).

Private, for-profit fields pay more

Respondents were permitted to assign only one primary activity to their employer organization. Broadly speaking, private sector, for-profit activities pay more than public sector, non-profit activities. The median salary for individuals in public relations firms (including public relations counseling firms, solo practitioners and advertising agencies) is $46,283. The median for individuals in public relations positions in companies in manufacturing, utilities, scientific/technical, finance and insurance, media/communications, transportation, hotels/resorts/entertainment and miscellaneous services is higher: $48,796. In contrast, the median salary for individuals in government, health care, and such non-profit fields as education, associations/foundations, and religious and charitable organizations is $39,092.

In four fields or organizational activities, more than half of the respondents earn $45,000 or more. *(See table, page 19.)* These higher-paying fields include industrial/manufacturing, which has the highest median salary: $56,518. The median salary of respondents working for utilities is close to that of manufacturing: $56,072.

The median salary reported by respondents at public relations counseling firms is $50,066 and in media/communications, $46,518. The activities closest to the overall median annual salary for public relations professionals ($43,718) include financial/insurance ($44,867), miscellaneous business services ($44,494), associations/foundations ($43,410) and scientific/technical firms ($42,645).

Among the lower-paying activities, government and solo practices stand out for having median salaries that are just above $41,000. In the other lower-paying activities, half of the respondents earn below $40,000. These include advertising agencies ($39,651), education ($38,926), health care ($38,597) and transportation/hotels/resorts/entertainment ($37,118). The lowest median salaries are in religious/charitable organizations ($33,167) and museums and miscellaneous non-profit organizations ($28,755).

$alary Survey

Salaries: Men and Women, by Experience

	(weighted base)	median salary	% $45K+	% received bonus	median bonus size	% men/women
All Respondents	(2,606)	$43,718	47%	39%	$ 3,426	–%
men	(1,218)	53,977	64	44	12,523	47
women	(1,373)	37,621	32	43	8,403	53
1–4 Years Experience						
men	(158)	28,992	11	37	1,143	13
women	(374)	25,926	5	35	972	27
5–9 Years Experience						
men	(229)	43,338	45	37	2,567	19
women	(454)	36,811	21	36	1,780	34
10–14 Years Experience						
men	(273)	54,419	72	45	4,949	22
women	(287)	45,257	50	33	2,715	21
15–19 Years Experience						
men	(174)	64,292	81	42	10,838	14
women	(150)	53,472	70	44	5,223	11
20-plus Years Experience						
men	(381)	69,520	85	46	9,449	32
women	(99)	59,444	71	41	7,120	7

Table excludes non-response to questions about length of experience and gender.

The median salary for men with less than five years of experience is 12% higher than the median for women at that level. The gap widens to 18% at five to nine years of experience, and to 20% at 10 to 14 and 15 to 19 years of experience.

$alary Survey

Salaries: Men and Women, by Age

	(weighted base)	median salary	% $45K+	% received bonus	median bonus size	% men/ women
All Respondents	(2,606)	$43,718	47%	39%	$3,426	–
Under 35 Years Old						
men	(286)	34,324	26	42	1,949	24
women	(710)	31,291	14	37	1,367	51
35 Years and Older						
men	(930)	60,905	76	43	7,865	76
women	(656)	46,031	52	35	3,611	49

Table excludes non-response to questions about gender and age.

Among public relations practitioners who are under 35 years of age, the male median salary is 10% higher than that of women. At over 35 years of age and older, men earn 32% more. Men of all ages are more likely than women to earn more than $45,000.

Men constitute the majority of respondents in the higher-paying activities. The highest concentrations of men are in "smokestack" industries: manufacturing and utilities (60% each). The highest concentrations of women are in the lower-paying activities such as museums and miscellaneous non-profits (86%), transportation/hotels/resorts/entertainment (73%), health care (71%), religious/charitable organizations and miscellaneous business services (63%), and financial/insurance companies (61%).

Like one's salary, the size of one's raise and the likelihood of receiving one vary by type of organization for which one works. In public relations firms, respondents report higher median salary increases—10%—than do respondents in corporations and government/health care/non-profit jobs, where the median raise last year was 6%.

However, the likelihood of a raise is still considerably higher in the corporate and non-profit sectors. One respondent in five (21%) at public relations firms did not receive a pay raise, while the proportions of respondents receiving no pay raise at either corporate or government/health care/non-profit jobs are 7% and 6%, respectively.

IR highest-paying specialty

The highest-paying specialty according to the survey results is investor relations (IR), with a median salary of $59,151. *(See table, page 21.)* Other relatively high-paying specialties where the median salary is above $50,000 include issues management ($52,962), environmental affairs ($51,820) and crisis management ($50,313).

In IR, nearly seven out of 10 respondents (69%) earn $45,000 or more. In the other high-paying specialties, approximately 60% earn at least $45,000: issues management (63%), environmental affairs (62%) and crisis management (59%).

Other areas with a median salary significantly above the overall median of $43,817 are public affairs ($49,177), corporate communications ($48,727), research ($46,225) and generalist work ($46,157). Specialties where the median salary is slightly above the overall median are employee relations ($44,748), media relations ($44,176) and marketing ($44,167).

In other specialties, the median salaries are slightly below the overall median salary: special events ($43,250), advertising ($43,225), publicity ($42,959) and community relations ($42,637). The lowest-paying specialties are public relations education ($39,540), fund-raising/philanthropy ($38,544) and publications/brochures ($33,771).

Large employers pay more

Over half (56%) of the respondents work in firms or departments with less than five public relations professionals. About one in six (16%) work in organizations with five to nine professionals. Another 10% work in organizations with 10 to 24 professionals, and 11% are in organizations with 25 or more professionals. (Seven percent did not indicate the number of professionals in their organizations.)

The survey data shows that the likelihood of earning more money increases with the size of a firm or department. In the smallest corporate departments, those with fewer than five professionals, slightly less than half of the respondents (47%) earn at least $45,000. The proportion earning at least $45,000 grows to 65% at corporate departments with five to nine professionals, 72% in departments with 10 to 24 professionals, and 83% at departments with 25 or more professionals.

Similarly, in departments in government/health care, non-profit organizations, the proportion of respondents who earn $45,000 or more grows from 32% where there are fewer than five professionals, to 54% at departments with five to nine professionals, 66% in departments with 10 to 24 professionals, and 81% at departments with 25 or more professionals.

In public relations firms, the proportion of respondents earning at least $45,000 rises from 41% at the smallest firms to 52% at firms with five to nine professionals, and then to 58% at firms with 10 to 24 professionals. Interestingly, the proportion of respondents making $45,000 or more in large public relations firms, those with 25 or more professionals, (67%) is considerably lower than the proportion of respondents earning at least that amount at similarly large departments at corporations (83%) or government/health care/non-profit organizations (81%).

The number of respondents at public relations firms reporting salaries of more than $45,000 is another indication of the financial benefits of working for a larger firm. When analyzed in terms of annual billings, the survey data shows that while 37% of the respondents at firms with annual billings of under $250,000 earn salaries over $45,000, that percentage jumps to 58% at firms with annual billings of $250,000 to $999,999. While this percentage rises to 61% of the respondents at firms with billings of $1 million or more, this is not a significant difference.

Pay highest in East

Pay is higher in the East than in other regions of the country. The median salary in the East is $48,485. *(See table, page 20.)* The West ranks second in median salary at $44,409; the Midwest, third at $42,409; and the South ranks fourth at $40,661.

The relatively low median salary in the South may reflect the low cost of living in comparison with other regions. It may also reflect its high proportion of respondents working in the lowest-paying field: government/health care/non-profit organizations. Forty-four percent of the respondents in the South work in those fields as compared to 35% in the East, 34% in the Midwest, and 29% in the West. In addition, a relatively lower proportion of respondents from the South work in public relations firms: 25% compared to 28% in the Midwest, 31% in the East and 35% in the West.

Bonus and perks vary

Almost four out of 10 respondents (39%) reported receiving a bonus in 1990. The likelihood of receiving a bonus is higher among men (42%) than among women

Survey method and sample description

The 1991 *PRJ* Annual Salary Survey was conducted with a systematically drawn probability sample of all paid *PRJ* subscribers. (For circulation auditing purposes, PRSA members receiving the magazine as a member benefit are considered to be paid subscribers. The subscription list also includes nonmembers.)

A questionnaire was mailed to one subscriber in three for a sample total of 6,231, along with a letter asking recipients to respond in a postage-paid envelope. As it was last year, subscribers' response was gratifyingly high: 2,606 completed questionnaires (a 42% response). This resulted in a sample that represents the *PRJ* subscriber base with a margin of error of less than ±3%.

Weighting procedure used

A statistical weighting procedure was used to bring representation of male and female respondents and of various geographical regions in line with the actual demographic makeup of the *PRJ* subscriber list as a whole. This standard weighting procedure enhances the representativeness of the data. All of the percentages reported in this article are based on the weighted data.

Therefore, though 63% of those who responded to the survey were women, their responses were weighted down to represent their actual proportion of the *PRJ* subscriber list: 53%. Men, who constituted 37% of respondents, had their responses weighted up to represent 47%. (Additionally, last year's data were reweighted and rerun in accordance with revised membership data to facilitate comparisons with this year's data.)

Women outnumber men

On an unweighted basis, the proportion of women responding to the survey this year (63%), is significantly higher than last year's proportion (58%). This might demonstrate that public relations is increasingly becoming a women's field.

Women outnumber men at all professional levels except senior management. There are nearly twice as many women (65%) as there are men (35%) among account executives, and women outnumber men at the account supervisor level (55% women versus 45% men). Senior management, however, is predominantly male: 65% versus 35% women.

Men in public relations tend to be older than their female counterparts and have more experience in the field. Though the median respondent age for the total sample is 38, it is 42 for men, and 34 for women. Similarly, the median number of years of experience for the total sample is 11 years, but for the men, it is almost 13¼ years (13.23). This is considerably more than the years of experience reported by the women (8.05 years).

Regional data weighted

In the regional salary analysis, responses from the East were weighted up from 26% to 28%, and responses from the South were weighted up from 23% to 25%. In other regions of the country, responses were weighted down: from 28% to 26% in the Midwest and from 23% to 20% in the West.

Response among sectors even

This year, the response is split nearly equally among three major sectors. One-third (33%) of the respondents are from the "corporate" sector. This includes manufacturing, utilities, finance, media/communications, scientific/technical and travel/resorts/hotels/entertainment. Twenty-nine percent are in public relations firms (counseling firms, solo practitioners and public relations departments in advertising agencies). Thirty-six percent are in government/health care/non-profit organizations. This includes religious/charitable organizations, associations/foundations and educational institutions.

Firms biggest employers

By specific type of organization, the most widely cited employers are public relations counseling firms (21%). Health care organizations, industrial/ manufacturing companies and associations/foundations were each cited by 9% of the respondents. Eight percent are employed by educational institutions. Financial/insurance companies, government, utilities and advertising agencies employ 5% of the respondents each. Miscellaneous services companies, media/communications firms, transportation/hotels/resorts/entertainment firms and religious/charitable organizations employ 4% each. Three percent of the respondents are solo practitioners. Scientific/technical firms employ 2% of the respondents and miscellaneous nonprofits including museums employ 1%.

As in past surveys, respondents could list multiple public relations specialties. Respondents listed an average of seven specialties. This year, the list was expanded to include crisis management, environmental affairs and research.

The most common specialties are media relations (82%) and publicity and special events (71% each). Other popular specialties are community relations (60%), corporate communications (57%) and marketing (55%). Both crisis management and generalist work are performed by 47% of the respondents. Other common specialties are public affairs (45%) and advertising (42%). □

(36%) and among respondents making $45,000 or more (49% as compared to 30% for those earning less).

About half of the respondents in public relations firms (52%) and corporations (49%) received bonuses, while about two out of 10 (19%) of those in government/ health care/non-profit jobs received bonuses. The likelihood of receiving a bonus is the same regardless of age (39% for those under 35 years of age as well as for those age 35 and older).

Bonus sizes vary considerably by gender, age, salary level and type of organization. The median bonus for men was $6,252, as opposed to $2,124 for women. The median bonus for respondents 35 or under was $1,466, but over four times larger for older respondents ($6,092).

Among respondents earning $45,000 or more, the median bonus was $7,544, six times higher than the median bonus ($1,205) received by those earning under $45,000. The median bonus at corporations ($4,753) was one-and-a-half times that at public relations firms ($2,925) and nearly three times that in the government/health care/non-profit area ($1,598).

The three most frequently mentioned major perks that respondents reported receiving in the past year are paid vacations (43%), company cars and/or paid parking (15%) and stock purchase plans (9%). Paid vacations are somewhat more likely to be mentioned by corporate respondents (47%) than by those in government/health care/ non-profit organizations (42%) and those in public relations firms (41%). But, company cars and parking privileges are more likely to be reported by respondents in public relations firms (23%) than those in either corporations (12%) or government/health

Salary Survey

Primary Activity of Respondent's Organization

	(weighted base)	median salary	% men	% women	% $45K+
All Respondents	(2,606)	$43,718	47%	53%	47%
industrial/manufacturing	(244)	56,518	60	40	67
utility	(125)	56,072	60	40	76
public relations counseling firm	(563)	50,066	53	47	55
media/communications	(103)	46,518	50	50	52
financial/insurance	(132)	44,867	39	61	50
miscellaneous services	(107)	44,494	37	63	48
association/foundation	(234)	43,410	44	56	47
scientific/technical	(59)	42,645	51	49	44
government	(131)	41,337	48	52	40
solo practitioner	(79)	41,183	47	53	38
advertising agency	(123)	39,651	55	45	39
education	(201)	38,926	50	50	32
health care	(248)	38,597	29	71	33
transportation/hotels/resorts/entertainment	(92)	37,118	27	73	35
religious/charitable	(91)	33,167	37	63	21
miscellaneous non-profits/museums	(29)*	28,755	14	86	12
other	(40)*	42,828	46	54	46

*Table excludes non-response to the question about primary organization activity. *Caution: small base*

The two highest-paying organizational activities are manufacturing and utilities. Other high-paying activities are counseling firms and media/communications; then financial/insurance and miscellaneous services. Generally, respondents at religious/charitable organizations and miscellaneous non-profits earn substantially less than their peers in other activities.

care/non-profit organizations (9%). Stock purchase plans are more widespread among respondents in corporations (20%) than those in public relations firms (5%).

The types of perks received also vary by gender. Men are more likely than women to receive company cars (18% among men, but 11% among women) and stock purchase plans (13% among men, but 6% among women). Women, however, are more likely to receive paid vacations (48% as compared to 39% for men). These gender differences in perks may also partially reflect the fact that female public relations professionals have less seniority than males.

Higher salaries appear to come with more education and APR accreditation. The proportion of respondents whose highest degree is a B.A. or B.S. and who earn $45,000 or more is 43%. But, the proportion of respondents with graduate degrees who earn $45,000 or more is 57%.

Similarly, the proportion of APR-accredited respondents who earn $45,000 or more is 66%, compared to 54% of the respondents who have the five years or more of experience required for accreditation but are not presently accredited.

Attitude shifts reflect recession

Again this year, respondents were asked to agree or disagree with several statements about the public relations field. (*See table, page 21.*) A majority (60%) agree with the statement, "public relations is a relatively low-paying field." Not surprisingly, in light of the gender gap, agreement that public relations is low-paying is more widespread among women (64%) than it is among men (55%).

There have been some interesting shifts in views over the past 12 months, reflecting the recessionary economic climate. The percentage of women agreeing with the above statement on pay rates in public relations stayed relatively constant (62% in 1990 and 64% in 1991). But the percentage of men who agree with it rose significantly from 50% to 55%.

Last year, agreement that public relations is low-paying was higher among respondents in the lower-paying sectors – public relations firms and government/health care/non-profits – than it was at corporations. This year, agreement that public relations is low-paying is virtually equal across all three sectors: corporations and public relations firms (59% each) and government/health care/non-profit organizations (61%). The median salary of those who agree public relations is a relatively low-

Regional breakdown

For the purposes of this survey, states were grouped into four regions as follows:

- **East:** Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, West Virginia.
- **Midwest:** Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin.
- **South:** Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia.
- **West:** Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming. □

paying field is $40,580—four-fifths the median salary of those who disagree with this view: $49,781.

Respondents are split almost evenly between those who agree with the statement, "I'm satisfied with the opportunities for career advancement in my current firm or company." Slightly less than half (48%) agree, while 50% disagree. Satisfaction with the opportunities for career advancement appears to be highest at public relations firms, where agreement with the statement is considerably higher (64%) than it is at either corporations (46%) or government/health care/non-profits (37%). Satisfaction with opportunities for career advancement appears to be higher among men (53%) than it is among women (44%).

Last year, satisfaction with career advancement opportunities was similar between respondents who are under 35 years old and those who are older. This year, however, the younger respondents are somewhat less satisfied relative to their older colleagues. Of the respondents under 35, 44% report this satisfaction versus 51% for those 35 or older. The median salary of those who are satisfied with the opportunities to advance their careers ($48,091) is higher than those who are not satisfied ($40,319).

"Investor relations is the highest-paying specialty, followed by issues management and environmental affairs"

Last year, when respondents were asked whether or not they agreed that "it is harder for women than it is for men to reach the top in public relations," women were more likely than men to agree (62% of the women, versus 35% of the men). This year, in an attempt to verify this attitude, respondents were asked whether or not they agreed "it is harder for men than it is for women to reach the top in public relations."

Though men are more likely than women to agree with this statement (13% of the men compared to 6% of the women), the great majority of respondents of either sex reject this proposition (86% of the men and 93% of the women). Given the pervasive gender gap in salaries, and the fact that women are still outnumbered nearly two to one in senior management, this finding is not surprising. It is a valid check on last year's results.

Salary Survey

Salary by Title and Region

	(weighted base)	median salary	% $45K+
All Respondents (all titles combined)			
East	(715)	$48,485	54%
Midwest	(684)	42,409	45
South	(653)	40,661	40
West	(529)	44,409	48
All respondents	(2,606)	43,718	47
Account Executives (junior and senior account executives, associates/representatives, assistants)			
East	(93)	29,770	11
Midwest	(113)	29,542	10
South	(98)	27,248	5
West	(100)	31,114	11
All "account executives"	(411)	29,472	10
Supervisors (account supervisors, supervisors/managers, coordinators, group managers, directors, vice presidents)			
East	(480)	49,347	57
Midwest	(455)	45,062	50
South	(439)	42,160	43
West	(333)	45,609	51
All "supervisors"	(1,720)	45,401	51
Senior Management (senior/executive vice presidents, senior counselors, chairmen/presidents, partners, owners)			
East	(126)	82,002	78
Midwest	(85)	66,403	70
South	(86)	66,419	67
West	(84)	71,429	82
All "senior management"	(386)	71,652	74

Table excludes non-response to questions about region and job title as well as respondents who wrote in "other" titles.

The East is the best-paying region again this year, followed by the West, Midwest and South. The median salary for senior managers in the South is slightly higher than that of their peers in the West. The South has the highest percentage of respondents in low-paying fields, and a lower proportion in public relations firms.

Respondents were also asked to indicate which of the following best describes their career goals: a career in a public relations counseling firm, a career in public relations with a corporation or non-profit or governmental institution, or a career outside public relations.

It appears that the respondents in public relations firms are more interested in switching career paths than are respondents on either the corporate or government/health care/non-profit sides of the business. Indeed, the proportion of respondents in public relations firms who want to stay there has declined over the last 12 months from 66% to 61%. However, the proportion of respondents in corporate or government/health care/non-profit activities who want to stay in these areas is as high as it was last year (78% and 74%, respectively).

Salary Survey — Salaries by Area of Public Relations*

	(weighted base)	median salary	% $45K+
All Respondents	(2,606)	$43,718	47%
investor relations	(302)	59,151	69
issues management	(1,023)	52,962	63
environmental affairs	(543)	51,820	62
crisis management	(1,223)	50,313	59
public affairs	(1,165)	49,177	56
corporate communications	(1,493)	48,727	56
research	(588)	46,225	52
generalist	(1,218)	46,157	51
employee relations	(1,069)	44,748	49
media relations	(2,130)	44,176	48
marketing	(1,422)	44,167	48
special events	(1,838)	43,250	46
advertising	(1,116)	43,225	46
publicity	(1,855)	42,959	46
community relations	(1,555)	42,637	45
pr education	(50)**	39,540	34
fund-raising/philanthropy	(29)**	38,544	39
publications/brochures	(66)	33,771	18
all other	(43)**	42,538	46

*Multiple responses permitted. **Caution: small base.

Investor relations continues as the highest-paying specialty. Other specialties with high median salaries are issues management, environmental affairs and crisis management.

Respondents in public relations firms are more likely to want to move to the corporate or non-profit/government side of public relations (22%) than to leave public relations entirely (11%). In contrast, respondents on the corporate or government/health care/non-profit side are more likely to want to leave public relations entirely (14% among respondents in corporations; 13% among those in government/health care/non-profit activities) than switch to a public relations firm (5% in corporations and 7% in government/health care/non-profit activities).

Interestingly, while the median salary of those respondents who want to move out of public relations entirely ($43,212) is lower than that of those who want to move to public relations firms ($47,850), it is somewhat higher than that of those who want to move to a public relations job in either a corporation or government/health care/non-profit organization ($42,204).

There are many overall positive salary trends, even in this recessionary climate. The median salary for all responding practitioners rose. The gender gap is narrowing. Future comparisons will show whether these trends continue.

David Y. Jacobson is vice president, and Nicholas J. Tortorello is chairman, of Research & Forecasts, which tabulated and analyzed the data for PRJ. *R&F, located in New York City, is a division of Ruder Finn.*

Salary Survey — Attitudes Toward Public Relations by Gender, Age, Type of Organization

	total	men	women	Age: under 35	Age: 35+	Organization: firm	Organization: corp.	Organization: govt./ health/ non-profit	median salary
(weighted base)	(2,606)	(1,218)	(1,373)	(999)	(1,599)	(766)	(863)	(935)	–
"Public relations is a relatively low-paying field"									
agree	60%	55%	64%	66%	56%	59%	59%	61%	$40,580
disagree	39	44	35	34	43	40	40	38	49,781
"I'm satisfied with the opportunities for career advancement in my current firm or company"									
agree	48	53	44	44	51	64	46	37	48,091
disagree	50	44	56	55	47	32	54	62	4u,319
"It is harder for men than it is for women to reach the top in public relations"									
agree	9	13	6	10	9	8	9	11	42,233
disagree	89	86	93	89	90	91	90	88	43,951

Table does not show percentage of respondents who are "no answer" for each statement.

Respondents under 35 are somewhat less satisfied with opportunities for advancement at their firms than their older colleagues. The vast majority of respondents disagree with the theory that it's harder for men than women to reach the top in public relations.

PRSA Research Study

Gender Gap Narrowing

Discrimination against women is demonstrated clearly by salary levels reported by PRSA members. The gaps show most clearly when salary is compared to years of experience in the field. But raises reported by female practitioners indicate that the salary gap is narrowing.

Donald K. Wright, Fellow, PRSA and Jeff K. Springstein

The issue of gender discrimination in public relations, as in any field, is an emotional one. Many women feel they are paid less than their male counterparts, and have less opportunities for advancement.

With more and more women entering the public relations practice, this issue has become an increasingly important one. What are the differences between salaries earned by males and females? What are the differences in their roles within their organizations? How satisfied are men and women with their opportunities for advancement within the profession?

To examine the emerging role of women in American public relations, the Public Relations Society of America established a Task Force on Women in Public Relations under the direction of Kathleen Lewton, APR, vice president marketing and corporate communications, University Hospitals, Cleveland.

In cooperation with PRSA's Research Committee, this task force conducted a major research project to explore this issue of gender discrimination in public relations. Research results showed considerable evidence of discrimination against women.

Significant gap exists

Results from both the questionnaire and focus group stages of this research project show that gender discrimination exists in American public relations. *(See sidebar, page 25, for those results.)* With a considerable degree of statistical significance, women in the study clearly were discriminated against in terms of salary. *(See table, page 23.)*

The median salaries of men and women with up to five years of experience are similar, according to respondents in those categories. They range from $22,500 at one year of experience, to $31,000 at five years of experience.

At six years of experience, the men report a median salary of $40,000, and the women, $35,000. At 10 to 19 years of experience, the men report median salaries of $52,000 compared to a median of $43,000 reported by the women. These differences are all statistically significant. The gap continues at all levels of experience.

"Experts on gender discrimination are now focusing their concerns on the corporate and organizational aspects"

The study found evidence that the wage gap between the genders might be narrowing. Overall, women received significantly larger raises last year than did men. Women respondents report raises of more than 7%; the male respondents report raises of 6%. These differences were statistically significant. (The error level is .01.)

Geographic location was found to be an important factor with regard to both men's and women's salaries. *(See table, page 23.)* The highest salaries are on the East Coast, with a mean in the mid-$60,000 range, and on the West Coast, with a mean in the high-$50,000 range. The average salary in the central United States ranges from $40,000 to $50,000.

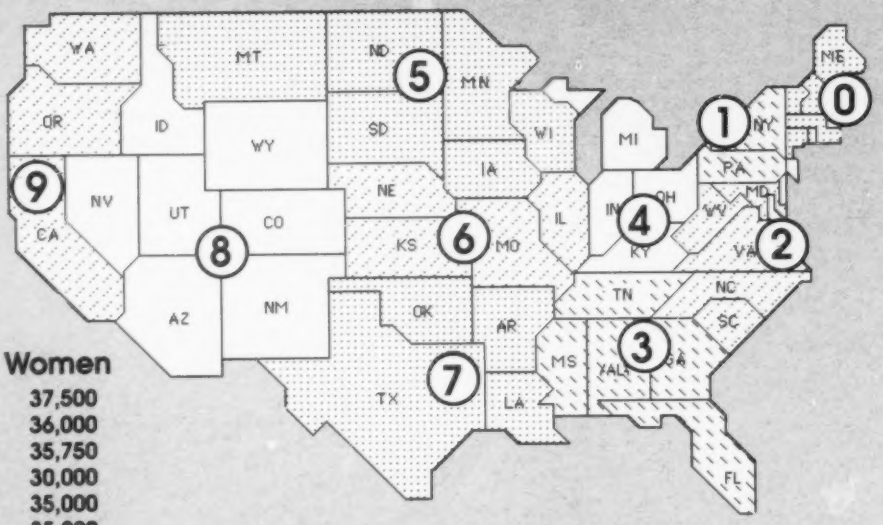
There appears to be a statistically significant salary gap based upon gender in every region of the country. These differences between men and women are the greatest in areas where ZIP codes begin with 0, 4 or 5. The greatest differences are in the region where ZIP codes begin with 0: New Jersey and the six New England states. Differences also are significantly higher than average in the central and upper Midwestern states where ZIP codes begin with 4 and 5.

The study also found that women, for the most part, were more likely to perform technician or communication skills roles such as writing, editing, creating and disseminating messages. Men were more likely to perform managerial and decision-making functions.

Women less optimistic on future

The study also examined job satisfaction and found women generally are less positive about their current job situations than men. Women also were generally less optimistic about the future with their present employers. Men don't perceive as much inequity in their own organizations (with regard to the status of and opportunities for women) as do women. Men and women feel that there is more sex discrimination in the field generally than in their own organizations. However, women perceive

Regional Public Relations Salaries



	Men	Women
Region 0	71,000	37,500
Region 1	50,000	36,000
Region 2	52,100	35,750
Region 3	51,500	30,000
Region 4	62,500	35,000
Region 5	50,500	35,000
Region 6	55,000	42,500
Region 7	51,000	34,000
Region 8	47,500	37,750
Region 9	55,000	40,000

Median salaries are generally higher in the Northeastern, Midwestern and Northwestern states, and California. In all regions, men earn more than women. The gap is largest in New Jersey and the six New England states. There is a wide gap in the Midwestern states.

a much greater degree of discrimination than do men.

Women consider flexibility in the work schedule, with options such as flexible locations, child care and leave policy, as being considerably more important than do men.

Location was not a factor in present job satisfaction, evaluation of the field in general or perceptions of future outlook.

Accreditation major factor

Twenty-nine percent of the survey participants were APR accredited members of PRSA. A much larger percentage of men are accredited than are women (41% versus 19%). Accreditation is a factor in both salary and job satisfaction. Those professionals who are APRs earn on average almost $20,000 more than those who are not accredited ($65,147 versus $46,750). Those who earned their accreditation also are significantly more satisfied with their present jobs and are more optimistic about the future with their employers.

There are considerable differences between women who are PRSA accredited and women who are not. Accredited women have median salaries of $53,000 and non-APR women earn a median salary of $38,000. Women who are accredited are more satisfied with their salaries and their knowledge of the field. They feel that flexible work schedules are more important outside their organizations than do women who are not accredited. Non-APR women felt that it was more important for organizations to provide child care than did accredited women. This might be related to the fact that these non-accredited women are younger and might be more likely to use these services.

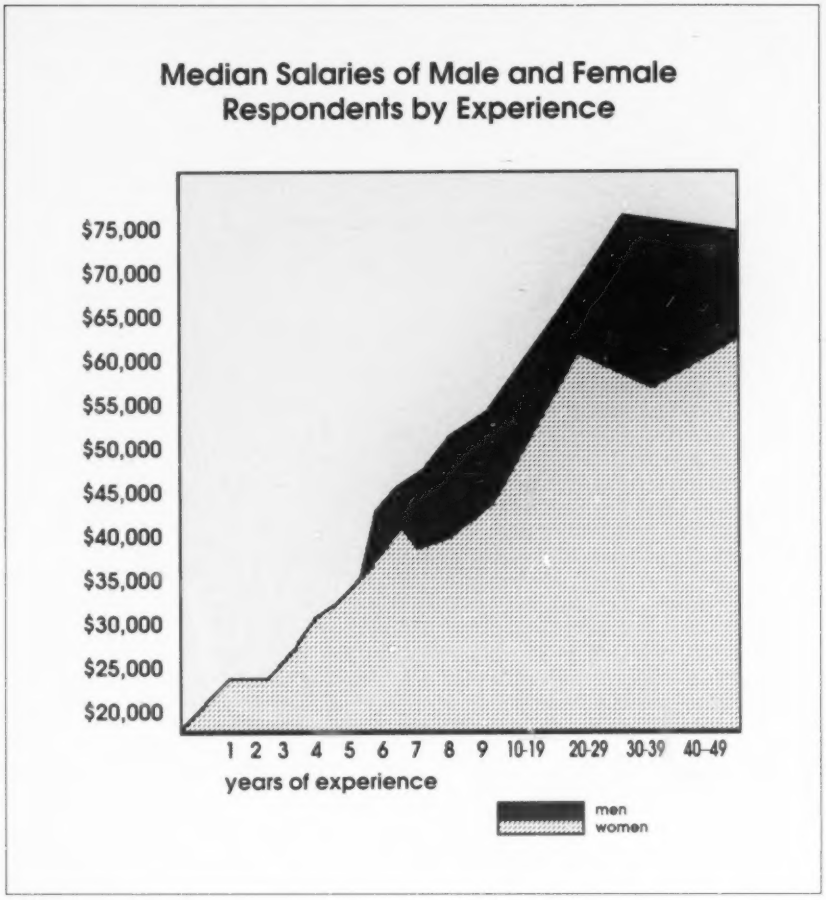
Two methodologies used

The study used two significantly different methodological approaches. In the quantitative stage, a six-page mail questionnaire was sent to a scientifically selected random sample of 2,785 PRSA members. This represented 20% of PRSA's membership in the spring of 1990. After this questionnaire's results were tabulated and analyzed, two

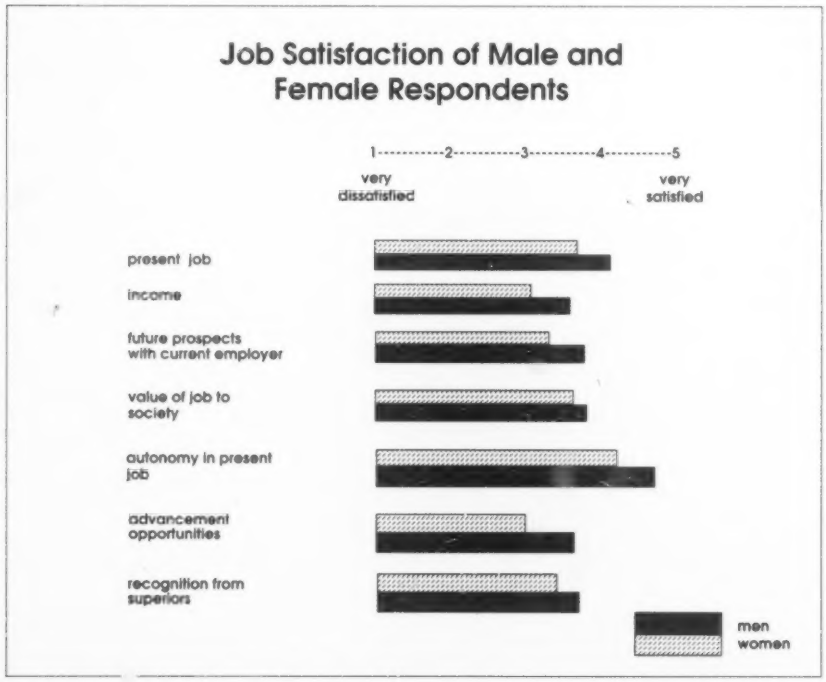
Salaries of Male and Female Respondents

years in public relations	number of male cases	median salaries: men only	median salaries: men and women	median salaries: women only	number of female cases
1	6		22,500		22
2	11		25,000		32
3	12		25,912		49
4	12		30,000		33
5	13		31,000		52
6	11	40,000		35,000	44
7	12	44,000		40,000	32
8	12	45,400		38,000	25
9	10	49,500		38,500	18
10–19	131	52,500		43,600	203
20–29	109	64,000		60,000	48
30–39	67	75,000		56,000	6
40–49	5	74,000		58,000	1

Median salaries of men and women are equal among those with five or fewer years of experience. Differences appear at six years of experience, and continue to show at all levels.



The salary gap widens between men and women with 30 to 39 years of experience. While it narrows at 40 to 49 years of experience, few of these responses were received.



Men report higher levels of job satisfaction and more optimism about the future. In general, respondents of both sexes were generally satisfied with their autonomy at work.

focus groups were conducted to permit qualitative exploration of the project's quantitative data.

In addition to demographic queries, the mail questionnaire contained four separate measuring scales that inquired about perceived job satisfaction, the specific on-the-job tasks or roles subjects perform, and a battery of questions compiled following a thorough examination of previous gender research. *(See table, below.)* Results of the job-related research were not yet tabulated at press time.

Usable responses were collected from 1,027 subjects, representing a return rate of 37%. Of the respondents, 58% were female and 42% were male. The median age is 45 for men and 35 for women. Respondents had worked an average of 11 years in public relations. Male respondents had worked an average of 17 years in the field, and the women, nine years.

Data analysis consisted of a number of statistical procedures in attempts to determine the probability of the relationship differences between male and female subjects. The margin of error for salary information was ±1.5%.

Organizational policies to be addressed

Until recently, experts who monitor gender discrimination concentrated mainly on individuals. They're now focusing on corporate and organizational policies. Dr. Elizabeth L. Toth, APR, a Syracuse University public relations professor, is one of many who now believe the solutions to this gender problem must be addressed at organizational levels rather than at individual levels. "An organization's practices and culture influence recruiting, hiring, salary, promotions and job assignments," she said.

One of PRSA's goals is to use information gathered in this research to plan organizational-level programs designed to correct the inequities. The task force plans to focus on actions that can be taken by individual professionals, PRSA chapters and districts, the national organization, and employers and organizations to address the needs for equality of opportunity and salary equity. Readers with suggestions are urged to send them to the task force via PRSA headquarters.

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Focus group participants disagree on gender issues

Elizabeth L. Toth, APR and Larissa A. Grunig

Men and women in public relations agreed that experience is the main factor in career advancement, according to preliminary analysis of recent focus group interviews. Both the men and women also felt that experience alone will not assure advancement to the managerial/counseling ranks of the profession.

At the same time, separate meetings of men and women resulted in little agreement on the role of gender in career success. On that point, men disagreed that women were discriminated against in public relations, while women believed stereotyped expectations of the types of work performed by men and women often interfered with their chances for advancement to management ranks.

Two focus groups were conducted at the PRSA National Conference in New York City in November 1990. One consisted of 11 men, and the other, four women. The interviews were conducted as part of a joint project of PRSA's Research Committee and its Women in Public Relations Task Force.

Take initiative

The women's focus group advised women to take the initiative, to let it be known that they wanted managerial responsibilities. "If you want to move ahead, you have to have courage, go to the immediate supervisor and list ways you can help the organization," one participant said. Another woman added: "If you want to be a manager, you have to train to be a good manager. This means managing resources—people, budgets—not being a public relations person."

Both the male and female groups discussed the issue of public relations role differences in corporations. The men discussed the "good-old-boy network" and acknowledged that "rewards are not geared to performance, but to the bureaucratic system." Some men stated that corporations are using women as public relations managers to achieve affirmative action goals.

The women's focus group acknowledged the strategy of hiring males over females, even when the female applicant was better, to keep a balance in their departments. Otherwise "the owners would view the area as a fluff department," one interviewee said.

Generally, the women were sensitive to addressing corporate policy issues that were considered "women's issues." They suggested women address policies concerning gender issues without obviously taking the lead. "It's amazing what you can accomplish if you don't want the credit for it," a majority of the group agreed.

The men's group addressed the issue of perceived lack of professionalism of public relations in general. "It's not so much a male/female thing," said one man. "It's happening in a lot of staff services that can't back things up with research, bringing data with the decisions."

Another participant considered the public relations function "all too often, soft and fuzzy." "Holy shoot, if all (this is true)...then how on earth do we strengthen public relations—that's what is worrisome," he said.

Involves personal sacrifice

While the quantitative research showed that women were attracted to public relations because of its flexible hours, both groups questioned this response. The women said that those who found public relations to be a flexible field must be technicians. Men did not see public relations as a flexible field, citing long work days and travel.

Both groups pointed out that their success in public relations had meant sacrifices to them personally. Both groups included participants who had gotten divorces because their careers had come first. One woman advised others: "Organizations won't accommodate individual needs. We make trade-offs. Many who are making it don't have great home lives. Those with great home lives have spouses who are not working."

However, the women encouraged other women to not accept staying where they were—"to recognize the price you pay for getting ahead" and "make up your mind that you'll pay the price." One woman countered that view: "I would like to think that there could be a balance (between career and personal life) possible."

When men were asked, "What if the wife wants a career?" one answered, "Conflict." Another said, "We got a divorce because she wanted to change roles."

The men's focus group felt that a general question asking them to define success was a leading question. One man said that men want all things (such as money, power, marriage, children)—that the question wasn't gender specific. However, "traditionally, men have said I'll go out to work—not everybody can work—both parents can't work 12 hours a day," he added.

Men challenge findings

Only the men's focus group challenged the survey itself. The women accepted the validity of the findings. Despite assurances that the survey's results were in line with many other similar studies, men questioned those who would and would not answer such a survey, the representativeness of the sample to the entire field and compared the membership breakdowns of PRSA with the International Association of Business Communicators (IABC).

A typical participant asked, "Where are the women vice presidents of public relations? Why aren't they showing up (in studies of this kind)?" Another answered, "They (meaning women vice presidents) don't belong to professional associations!"

More study of the gender gap issue is in progress. Members of the research team will conduct a professional development seminar on gender issues and public relations at the 1991 PRSA National Conference in November in Phoenix. □

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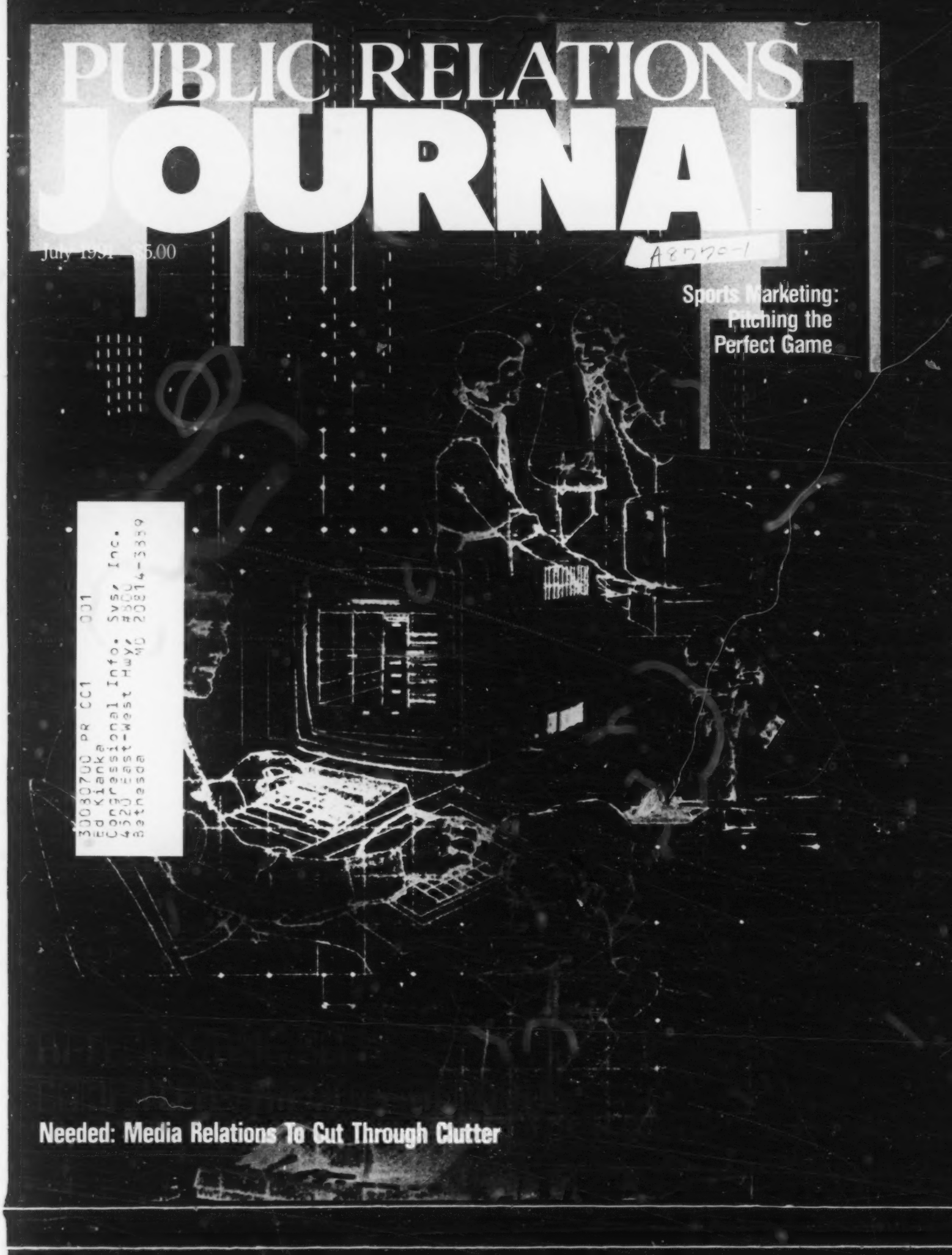
Sports Marketing: Pitching the Perfect Game



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Needed: Media Relations To Cut Through Clutter

PUBLIC RELATIONS JOURNAL

July 1991 Vol. 47 No. 7

FEATURES

10 Sports Marketing: Firms Try To Pitch The Perfect Game

Public relations firms have been slow to take advantage of clients' booming interest in sports-related marketing. Now, many executives are poising their firms to seize the lucrative opportunities the specialty presents. But opinions vary on how deeply firms should be involved. *Adam Shell*

14 Hi-Tech Firms Seek Computer-Friendly Recruits

Hi-tech firms have one common concern: how to find the qualified people they need to serve their clients. While general writing and public relations proficiency count more than specific technology-related background for entry-level hires, a "comfort level" with computers is also required. *John Kador*

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26 What's Right? PRSA National Conference To Examine Ethical Cases

Six hypothetical cases involving ethical dilemmas practitioners might face are presented. What actions would you take? These and other ethical issues will be discussed at PRSA's National Conference in November.
Richard H. Truitt, APR and Davis Young, Fellow, PRSA

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Cover: *Gary Kaemmer/The Image Bank*

Public Relations Journal is published monthly by the Public Relations Society of America, 33 Irving Place, New York, NY 10003-2376.

Look for the silver lining

With recession and downsizing clouding the public relations horizon, it becomes especially important to look for the silver lining—the outstanding work going on in the profession that, very often, addresses and makes better some very bad situations. In tough times, it's also good to look on the bright, positive and even humorous side of public relations practice for outstanding marketing, community relations, internal corporate communications and public service campaigns that improve the quality of life and sometimes even the bottom line. Recognition of such outstanding programs enhances the industry's professional status and motivates those working in the field to strive for excellence.

No less than 40 excellent examples of solutions to the often thorny problems of our times were presented on June 13, at the 1991 Silver Anvil Awards banquet. The coveted "Best of Silver Anvil" award went to Dow Chemical Co., Midland, MI, for its "Recycle This!" program with Ketchum Public Relations, Washington, DC, and Seahawk Associates, Chicago. The program involved a road show that played in high schools and corporations in 100 cities to promote plastic recycling to a quarter of a million students, teachers and parents.

Health, education, the environment, crisis management and transportation were among areas addressed by this year's Silver Anvil winners, ranging from giant corporations like McDonald's and Saturn Corp., through organizations like the Idaho Potato Commission, American Cancer Society and the Statue of Liberty/Ellis Island Foundation, to smaller governmental groups, such as Albuquerque Public Schools, the City of Athens, GA, and the Connecticut Department of Transportation. Perhaps the most fun campaigns earning Silver Anvils were put together by Binney & Smith, the Crayola crayon people, who "retired" eight colors and introduced eight new ones, and the Peanut Advisory Board's tongue-in-cheek celebration of peanut butter's 100th birthday.

Everyone in the profession can learn something by studying the 1991 Silver Anvil Award programs, all of which were conducted in 1990. We published a complete list of winners on page 33 of our May issue. While we do not have the space to present each winning entry in detail, we will continue to look to Silver Anvil programs to support our feature articles on a topical basis. In the meantime, you can order a set of 1991 Silver Anvil summaries from PRSA's Information Center. Prepaid cost to PRSA members is $20; non-members, $25. Add $3 to all orders for shipping and handling.

Susan L. Fry, Editor

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Event sponsors audition entertainers

Seeking niche, many companies seek tie-ins with performing arts

Last year it was American Express sponsoring a concert tour featuring Frank Sinatra and Liza Minelli. This year it's Schieffelin & Somerset promoting its Johnnie Walker Black brand by sponsoring the national tour of the Broadway hit, "City of Angels." Not to mention L'eggs' new two-year deal to sponsor the Ice Capades. And next year Fuji Xerox plans to sponsor a 24-show tour of "The Music of Andrew Lloyd Webber in Concert" in Japan to celebrate its 30th anniversary.

For many corporate sponsors, sports is no longer the only sponsorship game in town. There's a growing trend among corporations to spend increasing amounts of their sponsorship dollars on the performing and fine arts. "This is the first sponsorship of its kind for one of our productions," said Barry Weissler, producer of the "City of Angels" tour. "And we believe such a cross-promotion is the wave of the future for theatrical marketing."

In 1990, companies spent $150 million on arts-related sponsorships. This year, spending on the arts is expected to increase 17% to $176 million, according to *Special Events Report*, a Chicago-based newsletter that tracks corporate sponsorships. As of April, more than 50 companies have inked deals in 1991 to sponsor dance, theater and museum events.

Companies are moving in this direction because it provides good exposure at a low price tag. They can sponsor a national tour of a play that runs for many months, for example, much cheaper than one nationally televised event over a single weekend, according to Stephen Disson, principal at the D&F Group, a Washington, DC-based event marketing firm. Sponsors that tie-in with touring companies also benefit from the grass-roots marketing opportunities that are available in each city.

"Companies are looking for something different," said Disson, whose firm worked on the "City of Angels" and Andrew Lloyd Webber deals. "More and more companies are saying sports is becoming too diluted and that it's tougher to find a niche.

"Arts and entertainment is the niche many are looking for," he continued. "With spending on the arts down, these organizations need sponsors."

Corporate sponsors are looking to the performing arts and entertainment arenas as alternatives to sporting events. A 43-city tour of "City of Angels," 1990 Tony Award-winner for "Best Musical," is being sponsored by Johnnie Walker Black.

Photo: Craig Schwartz Photography

Indirect promotion of alcohol

Johnnie Walker Black's sponsorship of the 43-city tour of "City of Angels" marks the first time the brand has sponsored a theatrical production. As exclusive title sponsor, the brand will be featured in all print and television advertising and other promotions in each city.

With television advertising of alcoholic beverages forbidden, the brand also benefits from the exposure it gets from the verbal mentions it receives in the commercial spots touting the musical.

"The exposure has been very positive," said Lori Smith, president of Smith Communications, the Culver City, CA-based public relations firm that represents the brand. "The spots aren't saying 'drink Johnnie Walker.' Instead, they're supporting the arts. It's not a blatant ad for alcohol."

Grass-roots marketing

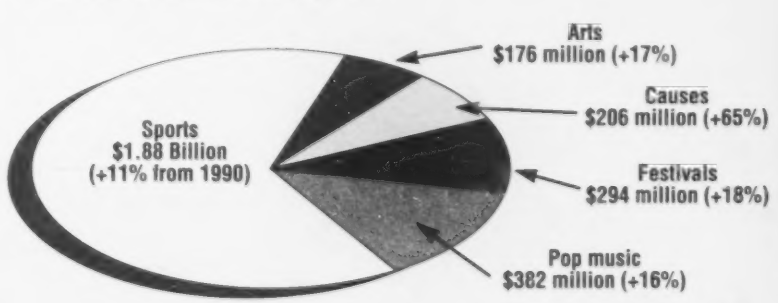
L'eggs' tie-in with the Ice Capades is another good example of entertainment marketing. The pantyhose manufacturer will be the show's sole corporate sponsor, the first in its history. Sole sponsorship means less clutter. The show travels from city to city, allowing L'eggs to gain maximum exposure and target its primary demographic group: women. The spring touring season is also L'eggs' major selling time.

"This sponsorship is a means of furthering our marketing objectives," said Jon R. Letzler, vice president of marketing management for L'eggs. "It offers an excellent integrated marketing opportunity to advertise and publicize our products to consumers and involve retailers at the grass-roots level."

"It's lifestyle marketing," said Alfred Schreiber, vice president, event marketing, Burson-Marsteller, which helped put together the American Express concert deal. "Companies are now trying to reach and touch the 'whole' person."–*A.S.*

Spending on the arts is up

Corporate sponsors are expected to spend 17% more on arts-related tie-ins in 1991, raising total expenditures to $176 million. Sports sponsorships, however, still get the lion's share of corporate dollars. Below are projections of 1991 spending.



Source: Special Events Report/International Events Group

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FDA Writing Stronger Letters for Pharmaceutical Marketers

HEALTH CARE FOCUS ISSUE

PUBLIC RELATIONS
JOURNAL

August 1991 Vol. 47 No. 8

FEATURES

14 FDA Writing Tougher Rx For Pharmaceutical Marketing
With public interest in health-related stories growing, policymakers are refocusing on one of America's most highly regulated industries and its communications practices. Public relations practitioners and prescription drug marketers are responding with non-traditional approaches and image-building campaigns.
Marilyn L. Castaldi

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18 Media roundtable puts Phoenix hospital in national news spotlight
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Cover: *T. Hurley/FPG International*

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Assessing health care trends

The need for public relations professionals to address the strategic, crisis and issues management needs of health care providers has probably never been greater. In this "Health Care Focus Issue," we assess some of the current trends in the marketing of health-related services. Our cover story deals with the marketing of prescription drugs using both traditional and non-traditional public relations techniques. Author Marilyn L. Castaldi has concentrated on the era of "re-regulation" of industry practices by the Food and Drug Administration and Congress. She touches on the delicate balance between the public's appetite for health care news and the need for pharmaceutical marketers to present accurate information to physicians, the media, patients and the public.

A related case study reports Sandoz Pharmaceuticals' two-year-long fight to get acceptance from doctors, pharmacists, insurers and regulators for a drug which can greatly benefit certain mentally ill patients. At issue was the high cost of monitoring patients for a potentially fatal side effect and the changes the monitoring system required in traditional drug distribution. The issue of permitting terminally ill patients access to experimental drugs and treatments is also addressed.

A Phoenix hospital's efforts to attract media attention as well as improve relations between physicians and the media is detailed in one of several other case studies in this section. The story highlights a growing controversy between some physicians and journalists about the peer-review method of publishing medical research before releasing it to the public. Some say this delays medical advances an unnecessarily long time, while supporters of the system maintain it is prudent to delay powerful drugs and other treatments until they are thoroughly tested.

Another recent case study profiles an award-winning program that encouraged men to be screened for prostate cancer. Part of a national cancer awareness project, the screening effort by a New Mexico hospital attracted 10% of all those examined.

An account of the repositioning of a 100-year-old hospital as a sophisticated 21st century medical center rounds out our health care case studies.

There are other important issues in health care that deserve attention. In particular, there is the ongoing debate about a national health insurance plan for the United States. The problem of taxing non-profit hospitals on the local and state levels is also plaguing practitioners in many areas. We plan to cover these and other important health care topics as time and space permit in the future.

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BRIEFINGS

EDITED BY ADAM SHELL

The race to manage environmental risk is on

Corporate "leaders" cited for proactive programs

So far in the "Decade of the Environment," a handful of companies have jumped out to a big lead, leaving the rest of the pack to play catch up.

Despite data that shows that effective environmental programs enhance public image, reduce compliance costs and boost the bottom line, most companies still have fledgling risk management programs.

In fact, one out of four companies don't even have an environmental policy in writing. And of the 75% that do, half of those programs are virtually brand new, having been established since 1989.

These are just a few of the findings from a survey, "Corporate Environmental Management," conducted by Booz-Allen & Hamilton, a management and technology consulting firm based in Bethesda, MD.

Most of the executives from the 200 Fortune 500 companies who responded to the survey acknowledged that they're not managing risk very well. They also admitted that they must do a better job in the future.

Indeed, only 7% of the executives said they felt "very comfortable that the environmental issues their company faces are well-understood and that a comprehensive risk management strategy is in place to deal with them," according to the study. Of responding companies, 91% have sales over $500 million.

Most policies driven by threat

Today, companies are developing environmental programs to deal with issues such as complying with new and changing regulations, and marketing environmentally friendly products. But the study concluded that these programs have shown only "mixed performance," mainly because they are "reactive," not proactive. Most programs, for example, focus on achieving compliance, cleaning up abandoned sites, and minimizing known liabilities.

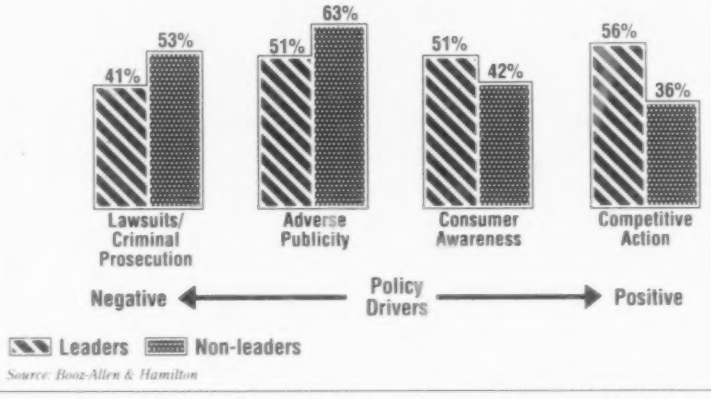
"In most companies, environmental policy is driven by threat rather than opportunity," the study found. Negative concerns such as the fear of fines, lawsuits and bad press motivate most policy development.

That's not the case for the minority of companies with comprehensive risk management programs. Described as "leaders" in the survey, these companies' "proactive" programs are "driven by opportunities that environmental trends can create for competitive advantage," according to the study. These leading corporations have also been more successful in dealing with the long-term strategic issues created by the "green" movement.

To help shape favorable public opinion and regulations, the leading companies are also investing more money in public relations in

Managing environmental risks

In most companies, environmental policy is driven by threat, rather than opportunity.



Source: Booz-Allen & Hamilton

"Green" topics color annual reports

The "greening" of annual reports has begun, albeit gradually.

A growing number of companies are devoting more editorial space in their annual reports to discussing their environmental performance and concerns. Many annual reports, though, still don't contain any environmental coverage at all.

These are two findings of "Corporate Annual Reports and the Environment," a survey conducted by *Green MarketAlert*, a Bethlehem, CT, newsletter that analyzes the business impacts of "green" consumerism. Survey results were published in the June issue of the newsletter.

Survey grades coverage

The survey analyzed the 1989 and 1990 books of 50 major U.S. corporations only for the extent of their environmental coverage. The analysis did not measure accuracy of the reports or the companies' actual environmental performance. Corporations were rated on a scale of 1 to 12, with 12 being an "A" and 1 being an "F."

The survey found that coverage of the environment in annual reports is increasing, but at a modest rate. In 1989, the average grade was a "C–." In 1990, the average grade climbed by over half a point, to midway between a "C–" and a "C." Between 1989 and 1990, 23 of the 50 companies surveyed increased their environmental coverage; 13 corporations cut back on coverage.

"A long way to go"

"Corporations clearly have a long way to go before environmental issues become truly central on their agendas," noted Carl Frankel, editor and publisher of *Green MarketAlert*. "But the survey shows that this process has begun."

Other key survey findings include:

- Food, beverage and other consum-

an attempt to tell their environmental story to consumers, regulators, environmentalists and the media.

"Effective public relations is inseparable from a successful environmental program," the study concluded. "Companies need to develop and execute a publicity strategy to promote opportunities and moderate risk concerns. Companies that visibily demonstrate their environmental achievements... stand to gain improved relations with all their publics."

Establishing sound relations with these vital publics, for example, could mean the difference between success and failure when trying to gain approval for the siting of a controversial facility, according to the study. Being perceived as an environmentally friendly company can also improve relations with buyers, thus increasing sales.

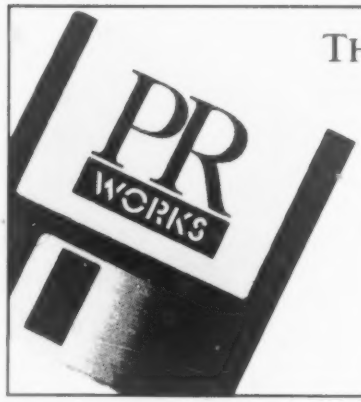
How to become a leader

Since environmental issues now affect virtually all major business activities, companies must gain support from all their employees. This means that environmental management "must become a valued belief within the corporate culture," the study concluded. Ensuring that employees feel accountable for their actions, however, requires some degree of cultural change. Thus, environmental issues must be incorporated into a company's strategic plan.

That's another area where public relations comes in. "Such integration," the study concluded, "...involves adding an environmental expert to the marketing or public relations staff." □

er product companies lag far behind other industries in the amount of editorial ink devoted specifically to the environment.

- Consumer goods companies earned a "D–" rating in 1989 and a "D+" in 1990. Eleven out of 15 annual reports in this category did not mention the environment. The newsletter predicted, however, that as green consumerism gains more momentum, these companies will devote more space in their reports to green issues.
- Oil companies provide by far the most extensive coverage of environmental issues, mainly due to the backlash of the Exxon Valdez oil spill.
- Approximately 30% of annual reports refer to environmental topics in the chairman's Letter to Shareholders.
- About 20% of annual reports have special sections dedicated to the environment. □



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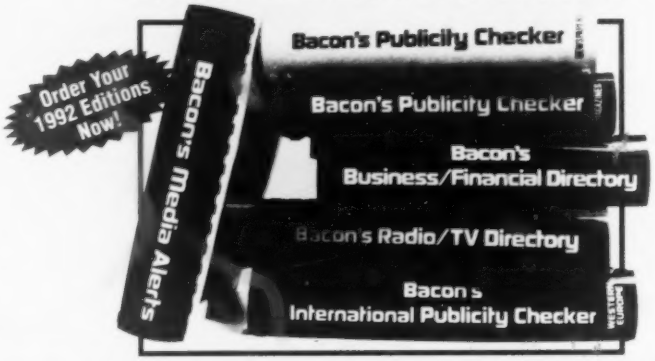

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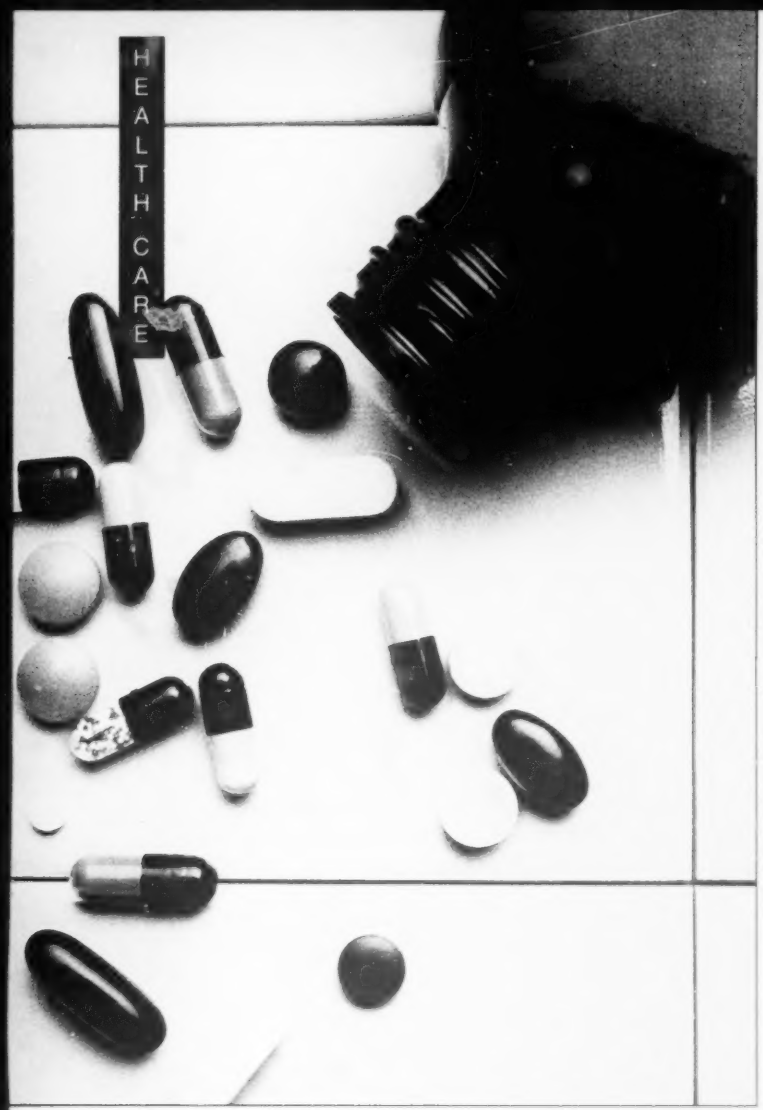


FDA Writing Tougher Rx For Pharmaceutical Marketing

Congress and the FDA are beefing up already-tough rules on U.S. marketing of prescription drugs. One result of this renewed scrutiny is a flurry of self-regulation in the drug manufacturing and medical communities. Non-traditional forms of drug marketing often take news of products directly to the non-professional media as well as end users.

Marilyn L. Castaldi

The health care industry is evolving at lightning speed. At the forefront are changes affecting one of its core segments: the pharmaceutical companies. Each day's news adds another wrinkle to the face of drug marketing...or, more aptly, drug marketers.

At this moment, public policymakers in Congress and the Food and Drug Administration (FDA) are refocusing on an industry that is already one of the most highly regulated in the United States. They are scrutinizing the communications practices of pharmaceutical companies and pledging even tougher legal enforcement.

The industry *is* responding. Last December, the Pharmaceutical Manufacturers Association (PMA) and the American Medical Association (AMA) adopted a voluntary code on the appropriate relationship between the industry and physicians. Sen. Edward M. Kennedy, D-MA, in a reprise of his 1970's Senate Labor and Human Resources Committee hearings on drug promotion, has asked major drug firms to provide data detailing industry compliance with the PMA and AMA codes and changes in industry practices during 1991.

Companies are taking this renewed focus on regulation seriously. "We've always had extensive medical-legal review procedures," said David Stout, vice president of marketing, Schering Laboratories, Kenilworth, NJ. "But in the past year it's become exhaustive, with a double level of review for each area: medical, legal and regulatory."

Needed: new marketing solutions

Without question, a new age of pharmaceutical marketing has begun. Drug marketers, challenged as never before by the FDA over their marketing communications, are formulating new strategies. They're also second-guessing their own promotions in a high-profile environment where much regulation, but few firm rules, exist. The solutions that many companies arrive at often lead to success not only in marketing their products but also in building overall corporate image.

Admittedly, the stakes are high in the pharmaceutical business. Drug issues lead the list of blue-chip investments. And for good reason. The top 10 prescription drugs generated more than $34 billion in worldwide sales in 1990.

Effective marketing of even a single prescription drug can dramatically affect the long-term fortunes of a pharmaceutical company in more ways than one. Merck, for example, was once a medium-sized New Jersey drug company hardly distinguished from the pack. Launch of its cardiovascular ACE-inhibitor Vasotec® (1990 U.S. sales: $1.43 billion) highlighted the chain of marketing successes that have helped make Merck *Fortune's* most-admired U.S. company – in any industry – for five years straight. Similarly, Glaxo was a little-known British-based company before its ulcer medication Zantac®, with 1990 U.S. sales of more than $1.3 billion, became the most-prescribed drug in America, surpassing SmithKline's Tagamet®. On the other hand, SmithKline became ripe for takeover by

Photo: Lou Jones/The Image Bank

British-owned Beecham only after its first-to-market breakthrough Tagamet faltered.

"Non-traditional" approaches tried

In 1962, Congress gave the FDA jurisdiction over prescription drug advertising. FDA regulations require accuracy and balance in this advertising. The FDA defines advertising as all traditional types of direct-to-physician communications, such as ads in medical journals, direct mail, materials "detailed" to physicians by sales reps, medical symposia or teleconferences.

In the past decade, however, traditional communications were only part of the marketing mix. The stream of breakthrough or blockbuster drugs slowed to a trickle and a host of other issues intensified pharmaceutical competition. Companies began to experiment with more "non-traditional" techniques to help differentiate themselves and their products. These activities used public relations techniques not only to target physicians but also to build consumer awareness of prescription drugs. Press conferences, media tours, video news releases, media coverage of scientific symposia and drug research discussions with investment analysts all helped spur the broad coverage of health science topics throughout the American media.

According to the National Media Index, health stories consistently rank in the top 10 among topics covered by national news. An average of one out of every 20 minutes of television time is spent on health coverage each year. And one out of every 20 inches of newspaper space is devoted to health topics. The American public – increasingly proactive about its own health care – craves health-related news.

"There's tremendous demand for stories about health simply because people are concerned with feeling good and living better," said Abby Rockmore, a producer at "20/20," the ABC-TV weekly news show. "Medical stories are an important part of our programming and are always well-received."

Drug companies and their public relations firms have willingly answered this growing demand for prescription drug information. The vast majority of their materials comply fully with FDA requirements that apply to prescription drug advertising. Some campaigns, however, caused the FDA concern, so the agency began to define informally the use of public relations techniques for prescription drugs. Companies sought to comply with evolving FDA attitudes and, for the most part, have been successful.

In 1990, the FDA got new leadership with a special interest in prescription drug communications. Dr. David A. Kessler, the agency's aggressive new commissioner, has beefed up staff and charged them to scrutinize drug company communications.

In a speech this past June before the non-profit Drug Information Association (DIA), Commissioner Kessler spelled out his position. He reiterated the agency's guidelines for industry: "...the three principal requirements of drug advertising and promotions: That they be true and not misleading, provide 'fair balance' [Editor's note: present both a drug's benefits and side effects], and do not promote unapproved uses.

"Selected promotional practices, to be blunt, have gotten out of hand," Kessler told the DIA audience. "Promotion in the guise of scientific exchange" is of particular concern, he said. Kessler promised more specific definition of policy later this year regarding scientific educational activities.

In targeting scientific exchange – the exchange of information among medical peers – Kessler hit at the core of both medical education and drug marketing. To advance medical knowledge, the medical/regulatory community has encouraged physicians to share information gleaned from their own work and experience. At medical meetings, clinical investigators regularly discuss research in progress. These forums provide medical opinion leaders with early information on new drugs under development or new uses being investigated for drugs already on the market. In doing so, they also serve the public's need to keep informed about medical progress.

"Drug marketers are second-guessing their own promotions in a high-profile environment where few firm rules exist"

To come: less drug specificity

Pharmaceutical companies will certainly continue to educate physicians via "traditional" vehicles, such as detailing visits by sales representatives, direct mail, medical journal advertising or programs at medical conferences.

"Until a formal education process exists to teach physicians about drugs, we will continue to create scientific programs to enable them to make sound prescribing decisions," said Schering's Stout. Medical schools do not currently provide this type of education, he explained. He emphasized the ethical backdrop of Scherings' educational efforts. "Of course, we want to be sure physicians prescribe our drugs in the appropriate settings. But we want doctors to use our products in a rational way, as first line, second line or combination therapy, as demonstrated by science."

What may change is how drug-specific information is communicated or the nature of programs funded by pharmaceutical companies. Specificity in naming prescription drugs in consumer-directed public relations programs is now likely to be subject to greater scrutiny. For example, media tours, which book interviews for physicians to discuss particular health conditions and often allow opportunities for specific drug recommendations, may now come into question. Self-contained videos, in the form of VNRs or B-roll footage, have come under significant fire in recent months.

Alternative tactics can work

Rarely do drug marketers have the benefit of announcing a breakthrough drug. More typically, they must find ways to introduce products with complex advantages to an already cluttered marketplace. How will they fare in this age of re-regulation? Very well, if they follow the pattern of the many companies which have successfully marketed their drugs through non-brand-specific programs.

Their success has often involved one of two broad approaches: category development, for example, building awareness of specific diseases or therapeutic categories through public education programs; or value-added activities that enhance corporate image and equity. Both approaches typically help drug manufacturers enhance their relationships with key audiences to whom they regularly market their products, such as physicians, pharmacists or other allied health professionals.

Many of the public education or consumer health campaigns in our society are initiated, driven, funded, sponsored and organized by drug marketers. Osteoporosis, breast cancer and prostate cancer are examples of three conditions – once largely ignored – about which pharmaceutical companies have helped educate the American public. Osteoporosis, a condition characterized by decrease in bone mass, was not thought of as serious before American Home Products and its Wyeth-Ayerst subsidiary undertook to help define the condition and point up its risks to women. Similarly, in separate efforts 10 years apart, ICI Stuart and Schering-Plough mounted major physician/consumer education programs to encourage early detection of breast cancer (National Breast Cancer Awareness Week) and prostate cancer (Prostate Cancer Awareness Week), respectively. Both of these programs continue. *(See sidebar, page 20.)*

Campaigns such as these help condition the marketplace, according to Larry

Drug execs predict greater role for public relations

Despite tighter FDA regulation and media criticism of drug promotions, pharmaceutical executives say public relations will continue to be an effective means to deliver health care information to consumers.

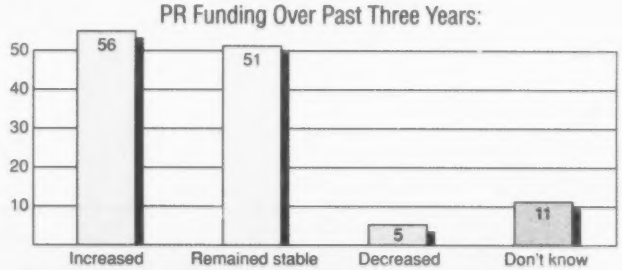
This is one key finding of a survey conducted by Wang Associates, a New York City-based public relations firm specializing in health care. The survey results were released in March and published in that month's issue of *Pharmaceutical Executive*, an industry trade magazine. The survey was mailed to 2,160 subscribers to the magazine; 135 responded.

"It's clear from this survey that the use of public relations in promoting pharmaceutical products will continue to increase," commented Julie Wang, president, Wang Associates. "Public relations is unique in its ability to reach consumers directly with educational and promotional messages."

The survey was prompted in part by the FDA's growing concern over questionable public relations tactics that directly target consumers rather than medical professionals. Criticism has also come from the news media. In the past 12 months, reports by "60 Minutes" and *The Wall Street Journal* argued that the use of celebrity spokespersons and video news releases amounts to little more than one-sided promotion that misleads the public.

But despite the controversy, survey findings indicate that the future appears to be bright for public relations. Survey highlights include:

- One out of four respondents reported an increase in internal public relations staff; 60% reported no change in staffing levels.
- Forty percent of pharmaceutical executives feel public relations is "underused."
- One-third of the respondents (34%) reported an increase in their use of outside public relations firms.
- Public relations is rising as a percentage of the marketing budget, ranging from 15% to more than 25% of the total.
- Twelve percent of respondents reported public relations budgets of $500,000 or more.
- Providing marketing support is the most popular reason for using outside public relations firms, followed by corporate image enhancement, government relations and strategic counsel. Seventy percent of the executives surveyed said their firms are hired for marketing purposes.
- In order of importance, the criteria used to select an outside firm are: proven results, marketing savvy, health care specialization, reputation, personal rapport, account service and media contacts.
- Many respondents feel that "integrity" and "trust" are essential if pharmaceutical companies are to maintain a good rapport with their publics.
- The practice of hiring former journalists has "virtually halted." Today, most public relations professionals hired by pharmaceutical companies have backgrounds in corporate and firm public relations.
- The use of research to define public relations objectives and messages is on the rise.
- Most executives acknowledged that the industry's use of public relations will be subject to some form of regulation in the future.□



Since 1988, spending on public relations at almost half of the responding pharmaceutical companies (56 out of 123) has increased.

Wheeler, vice president, communications, Marion Merrell Dow, Kansas City, MO. "Our programs can help sensitize a group of patients, pharmacists or physicians for the ultimate 'sales call' that will be made on them. Our messages reinforce or lay the groundwork for other marketing approaches," he said.

Marion Merrell Dow was one of the first companies to successfully integrate direct-to-consumer advertising into its marketing plans. Two Marion Merrell Dow prescription products, Nicorette® nicotine gum and the non-sedating antihistamine Seldane®, are currently running direct-to-consumer ads which were cleared in advance with the FDA.

Campaigns produce "halo effect"

Corporate image programs can similarly help condition a market to be receptive to new drug therapies. Image campaigns invest a pharmaceutical company's name with equity that carries over to the drugs it manufactures. Differentiating a company helps to distinguish its products in the crowded, often duplicative, pharmaceutical marketplace. For example, Glaxo was a relative newcomer to the U.S. market when it embarked on its now widely acknowledged Pathway Evaluation Program. Executed through medical schools across the country, the program assists third-year medical students in choosing a medical specialty. The program has allowed Glaxo to form strategic alliances with medical educators and opinion leaders. This medical community visibility is valuable for a company with many important drugs in its research pipeline.

"'Non-traditional marketing' uses public relations tactics not only to target physicians but to build consumer awareness"

Miles, better known as an over-the-counter drug marketer, also had many prescription drugs in development and needed to bolster its credibility. A comprehensive program designed to foster physician/patient communications launched an extensive corporate image program that has reached thousands of physicians around the country. Because of the link between inadequate communication and malpractice, some states have offered physicians attending special Miles communications workshops a discount on malpractice premiums.

Continued on page 19

disseminating information and discussing the symposium with health reporters nationally, the public relations team hoped to create a dialogue that would form the basis of ongoing communications.

The primary publicity vehicles for the symposium were direct mail pieces that were sent to health care reporters and freelance health writers. A postcard sent out five months prior to the symposium got the event on reporters' calendars. A second mailing was done in late February, one month before the event. It was a poster-sized invitation with striking graphics and more detailed information. Both mailings prominently featured St. Joseph's as the event sponsor and contained information on the BNI neurosciences program. In addition, the hospital communications department prepared a media guide on hospital programs for distribution to reporters during and after the symposium.

The mailings were supplemented by a media alert a week before the event and phone calls to reporters from the public relations team. While many reporters could not attend because of schedule conflicts or restricted news budgets due to the Persian Gulf War, almost all expressed interest. Many requested transcripts of the roundtable and follow-up information.

"The symposium shows the power of public relations to bring disparate groups together for the public good"

With a national audience in mind, organizers made arrangements to have the proceedings transcribed and distributed. The public relations team worked with Altman and BNI physicians to shape a discussion that would be of genuine value to the medical and journalism communities and spark an ongoing dialogue.

Peer review debated

An audience of physicians and reporters at the Marriott Camelback Inn in Scottsdale heard a lively debate that centered on the merits of peer review, a system in which doctors and researchers submit research findings to medical journals for publication before releasing them to the public. This process, the primary way that new medical information is released in the United States, is under increasing scrutiny because promising treatments may be delayed for months, or even years. Some journalists have been particularly critical of the process.

Both physicians and journalists questioned the validity of a system that may keep new treatment information away from the public for unnecessary lengths of time. Panelists noted the power of a few prestigious medical journals to control the dissemination of crucial new findings. Physician panelists observed that careerism sometimes motivates physicians to want to publish in a few prestigious journals, but noted that concern for validity in research findings was also a motivating factor.

Patten of the *Phoenix Gazette* said that journalists are sometimes at fault in perpetuating this system since they rarely look for news in lesser-known medical journals. Altman agreed with him, suggesting that researchers should look at other avenues for releasing medical news, including medical meetings. Both groups agreed that the peer review system was not without merit, but should be seriously examined for ways to improve the time lapse between new discoveries and the reporting of medical news.

Proceeding results to reverberate

Transcripts of the proceedings and a news release summarizing the major points of the roundtable discussion were sent to medical writers and editors nationally. In addition to immediate placements in regional newspapers and health and journalism trades, the discussion promises to surface in media outlets in the months ahead when journalists tackle the subject of peer review in medical news.

In addition, the fruits of the interaction between the participants and senior hospital management are already apparent: stories on the hospital's innovative flexible benefits program are scheduled to appear in major health trades. One of these articles is a direct result of a conversation between a roundtable reporter and the hospital's human resources vice president.

Aside from demonstrating that news can emanate from the Valley of the Sun as easily as the spires of Manhattan, the symposium showed the power of public relations to bring disparate groups together for the public good. "Many ethical issues arise in the treatment of neurological disorders, so we felt it was particularly appropriate for the Barrow Neurological Institute and St. Joseph's Hospital to host this forum," said Spetzler of BNI. "Ultimately, we hope that the public will benefit from cooperation between doctors and the press on these important issues."

Linda Bentheim is director of communications, St. Joseph's Hospital and Medical Center, Phoenix, AZ. Nancy Hicks, APR, is vice president, Hill and Knowlton, Inc., Atlanta, GA.

"The Miles Physician/Patient Communications Program has afforded our sales force access to difficult-to-see physicians," said Gerry Rosenberg, senior vice president, marketing and sales, Miles Inc. Pharmaceutical Division, Elkhart, IN. "There also seems to be a trend toward increased market share in those areas where a significant number of workshops were conducted."

Conflicting forces remain

Marketing of pharmaceuticals remains challenging, given the many issues and stakeholders pervading the health care industry today. Even when a company has a truly breakthrough drug, it can confront significant regulatory challenges. Witness Clozaril®, Sandoz Pharmaceuticals' drug for treatment-resistant schizophrenia, launched in this country in 1989. Sandoz, based in East Hanover, NJ, weathered a two-year-long storm regarding cost and access to the highly potent drug, which requires weekly blood monitoring to assure safety. *(See sidebar, page 17.)* Pharmacist and physician organizations, consumer advocacy groups, and patients and their families all exerted pressure that induced the company and government regulators to negotiate a change in the drug's distribution system.

"Significant advances in medicine, such as a new technology or breakthrough compound, invariably cause people to re-evaluate traditional methods and approaches," said William J. O'Donnell, Sandoz's associate director for communications and public relations.

"With Clozaril, the tremendous potential for clinical benefit necessitated a new approach that maintained the traditional commitment to patient safety but challenged other traditional practices. The marketplace reacted to this new approach.

The changes that were made to the original blood monitoring and drug distribution system reflect a normal reaction on the part of society to adapt to a new approach. In the long run, it may turn out that Clozaril has played a ground-breaking role for the introduction of other therapeutically important, but high-risk, pharmaceuticals because of Sandoz's willingness to try a new approach and then listen and adapt to the needs of its customers," he explained.

Marilyn L. Castaldi is an executive vice president and managing director, health care, in Burson-Marsteller's New York City office. She has managed pharmaceutical business at Burson since 1984, and previously worked in corporate positions at Johnson & Johnson and Avon Products and as public relations director for the Hospital of the University of Pennsylvania.

Corporate strategy

Continued from page 32

change the way companies operate?

The final step is to rethink everything. Is the company on the right track? Does what you've learned suggest a new direction? How should the company's strategy be changed to fit the market and its position in that market? How should the company be communicating with its customers, its suppliers, its employees and the public?

This process may seem obvious, however, few companies go through these steps systematically. Some top managers think it isn't worth the effort. Some may not know how to get the information they need.

Collect competitive intelligence

To answer many of the questions involved in strategic communication, we need competitive intelligence. This is the raw material for analyzing an industry and the competitors within it. Nearly all of the information is available from public sources, such as annual reports, 10K reports, electronic databases and the trade press.

One of the most useful sources is newspapers in cities or towns where competitors have major plants or offices. Information that isn't available from public sources can often be acquired from internal sources. The sales force may be the best source of all. *(See table, page 32.)*

It soon becomes clear that the main problem is not too little information, but too much. The trick is to pick up pieces of data that might have strategic importance. The most successful intelligence effort is not the one that yields the greatest quantity of information but the one that yields insights of the highest quality.

It's hard to anticipate what kind of information will affect the communications program. But crucial questions will eventually emerge. For example, why did Competitor A stop talking about its products and start talking about its superior service? Is this an industry trend? Why did Competitor B double its R&D budget in its frozen food division? Are they on to something new? How will this affect our strategy? Competitor C has launched a large environmental protection program. What does that mean?

From information to understanding

At first glance, it seems that the main purpose of collecting and analyzing this kind of information is to be able to predict what competitors will do and to prepare the appropriate countermove. That's certainly one way to use the information. But a more profound purpose of analyzing competitive information may be to understand our own (or our client's) organization better.

These are the types of questions we may be able to answer: What are competitors doing that we should be doing? Why do some competitors get much better information from the sales force than we do? Why does their message seem so much clearer than ours? How do they get so much ink?

In reviewing communications data for your company and the competition, you'll probably find that some competitors have clearly articulated strategies. On the other hand, you may find several companies that have very confused stories. This can happen because the managers haven't had the courage to articulate a clear strategy. Or they may have a story to tell, with plenty of evidence, but they've concealed it in jargon and cliché. Another possibility is that they've tried to be all things to all markets.

Companies with confused stories are vulnerable. The way to outperform them is to zero in on your client's or your firm's competitive advantage. That's the center of the communications strategy.

Every company has one story and one story only: *This is how we serve our customers, this is what makes us different.* For the communication strategist, the problem is to extract that story from a bewildering mass of data.

David R. Drobis, APR, is president of Ketchum Public Relations in New York City. His firm is a unit of Ketchum Communications Inc., headquartered in Pittsburgh, PA.

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Charles Ebeling, APR
Department Director, Communications
McDonald's Corporation
Oak Brook, IL

Taking corporate strategy seriously

David R. Drobis, APR

Strategy is the art of the chief executive officer. Strategy isn't just a gambit, a ploy or a maneuver. It's a grand plan for winning the long war against the competition. It should be at the center of every corporate communications program.

We in public relations firms and our counterparts in corporations can significantly increase our contribution to the corporate effort by making strategy part of our repertory of services and by showing corporations how to be more competitive.

This means that we'll have to develop a kind of peripheral vision. We'll have to become expert at collecting and analyzing competitive intelligence. We'll have to ask the right questions and supply answers that have strategic value. We'll have to focus on strategy as a way of thinking about communication problems.

Look at the present strategy

The strategic planning process begins by surveying the existing situation. Questions to ask include: How does the company see itself in the market, the territory populated by customers and competitors? What does the company's strategy seem to be? Is there an explicit statement of strategy? Does it make sense? Does it concur with the reality of the marketplace?

Every company has a competitive strategy, whether the managers are aware of it or not. Without any guidance from the CEO or the CEO's lieutenants, the frontline departments will form some sort of impression of the competitive forces in the industry and work out a mode of operation. But these independent modes of operation are unlikely to add up to an effective strategy.

A company's strategy is usually evident in its public statements, such as its annual report, product announcements, promotional materials and advertising. Critics often dismiss these as elaborate euphemisms. And they may be exactly that. But a company's euphemisms can reveal its strengths and weaknesses. A competitive strategy eventually has to deal with both.

These days, practically every company claims to be global, dedicated to quality and customer-oriented. But such claims have no strategic value unless the company is really doing something different.

Look at the industry

The next step is to examine the environment the company is operating in. What are the industry's problems and opportunities? What does it take to be successful?

These questions lead to others about the competition. Who are the leading players? What are their apparent strategies? What are their strengths and weaknesses? How does the client company stack up? Are the leaders moving in a new direction – toward new kinds of markets, new kinds of products and services or new technologies to improve productivity?

It's also important to be aware of outside forces. Is the industry attracting the attention of government regulators? How will this

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Competitive Information Sources Rated Very or Fairly Important
(by type of market)

	Percent Distribution			
	Total	Industrial products	Consumer products	Consumer and industrial
Sources within the company				
Sales force	96%	97%	89%	96%
Marketing research staff	83	82	82	84
Analysis of competitors' products	81	81	79	83
Planning staff	63	57	65	71
Engineering staff	53	60	36	55
Former employees of competitors	49	53	36	53
Purchasing staff	42	41	44	43
Contacts within the trade				
Customers	92	96	83	92
Meetings, trade shows	74	79	62	74
Distributors	70	68	68	79
Suppliers	65	65	61	68
Trade associations	59	60	54	62
Consultants	43	44	45	40
Retailers	37	9	72	57
Competitors' employees	37	40	30	40
Ad agencies	24	7	48	34
Published information				
Industry periodicals	89	88	90	91
Companies' promotional materials	84	84	85	82
Companies' annual reports	77	78	76	77
Companies' 10K reports	74	79	71	69
Security analysts' reports	64	67	62	61
Financial periodicals	55	49	61	61
Speeches by managers	55	55	60	48
General business periodicals	54	49	57	61
National newspapers	43	45	49	49
Newspapers in cities where competitors have facilities	42	42	44	39
Directories (Standard & Poor's, etc.)	31	29	31	33
Government publications	26	25	27	28
Other sources				
Security analysts	40	42	33	42
Tracking services	38	32	48	42
Electronic databases	35	15	74	37
Investment banks	22	22	22	24
Court records	16	16	13	21
Want ads	15	18	8	15
Commercial banks	11	7	12	18
Number of responding companies	308	158	72	78

Source: Howard Sutton, Competitive Intelligence, *(New York: The Conference Board, Report 913, 1988)*

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September 1991 Vol. 47 No. 9

FEATURES

14 Magazines, TV Top '90 Media Lists

Magazines, followed by network television, topped corporate buyers' 1990 media lists, according to *PRJ*'s 20th annual corporate advertising survey. A host of new players, ranging from giant retailers to health care providers, spurred ad spending and gained spots in the top 10 of corporate or association buyers. While media expenditures rose modestly over '89 figures, large gains were tracked for syndicated TV, spot radio and cable TV. *Paul H. Alvarez, Fellow, PRSA*

20 Hong Kong: Public Relations Capital of Asia?

Situated in the commercial center of Asia, Hong Kong stands as the capital of public relations for the region. Despite the uncertainties of life beyond 1997, when the People's Republic of China takes over, most practitioners in Hong Kong or affiliated with firms there forecast continuing growth for public relations in this bustling hub of the Orient. *Ray Josephs, APR*

26 Why Your Company Needs Marketing Public Relations

To succeed in the highly competitive '90s, marketers can no longer depend on mass advertising to win the consumer's dollar. Marketing public relations (MPR) uses the power of news, events, community programs and other communications to direct attention to a product, service or idea. Excerpted from the author's recent book. *Thomas L. Harris, Fellow, PRSA*

28 Firms Say Thank You With Business Gifts

'Tis the season when more than half of the organizations that give clients or employees thank-you gifts are shopping for the holidays. *PRJ* looks at gift-giving preferences and practices to help you make the right choice this year. *Kathleen O'Neill*

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- Recruiters enter "temp" business
- Pennsylvania tax defense is a success
- Radio spot promotes good communications
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WORKSHOP

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Cover: *Lawrence Finney*

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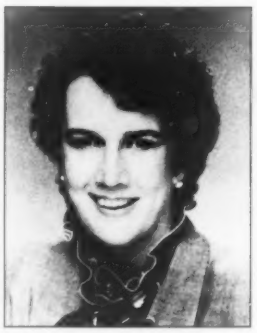
Toward a broader marketing reach



Like sailors looking for a better tack, public relations practitioners today are being asked to adapt the tools of their trade to marketing. The winds of our time are stirring up demand for "integrated" marketing approaches that impact the bottom line. When the captains of organizations ask for bottom-line results, they usually mean sales—of products, services or ideas. Now there's continuing and strengthened awareness among top management and marketing executives that public relations can help accomplish these goals with the added benefit, in many cases, of making friends of non-customer publics, who nevertheless influence purchasing.

Among savvy sellers, marketing public relations (MPR) has never been too far from the marketing process. That's what Thomas L. Harris, Fellow, PRSA, explains in "The Marketer's Guide to Public Relations: How Today's Top Companies Are Using the New PR to Gain a Competitive Edge." Portions of his book are excerpted by permission of the publisher, John Wiley & Sons, Inc., in this issue *(page 26)*.

As a company develops an integrated marketing communications program, public relations can be the tie that binds sales promotion, advertising and product publicity together as part of the strategic marketing plan, Harris contends. If public relations carries the corporate ship's message to its publics, then the various marketing tactics are simply sails to be adjusted according to prevailing conditions.

The need for more and varied marketing approaches is also shown by the findings of *PRJ*'s 1990 Corporate Advertising Survey *(page 14)*. As the survey shows, advertising is becoming more targeted and more fragmented. Who's who among the top 10 corporate ad spenders has shifted to a host of new players, in part, because giant corporations like General Motors and Procter & Gamble have developed more integrated marketing approaches within the past year. Nevertheless, GM, at least, remains on top of the top 10 largest ad spenders for 1990. The winds of recession in '90 clearly buffeted some of the largest retailers, such as Sears, and several car dealers associations into an ad spending spree.

Regardless of an organization's size, it can benefit from the craft public relations professionals bring to the marketing mix. The synergistic blend of public relations and other marketing tactics can make for smoother sailing ahead.

Susan L. Fry, Editor

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Corporate Advertising Survey: Magazines, TV Top '90 Media Lists

Paul H. Alvarez, Fellow, PRSA

In 1990, the big story was not how much money was spent on corporate advertising. The real news was discovering who dug deepest into their pockets and why they did so. A host of new players ranging from giant retailers to health-care providers invested hundreds of millions of dollars on ads to tell their stories and polish their images. In the process, they joined the ranks of top 10 corporate advertising spenders, according to *PRJ*'s 20th annual corporate advertising survey.

As for the top media picks, corporate advertisers spent most on magazines, closely followed by network TV. *(See chart, right).* Overall, $1.47 billion was spent last year on corporate advertising, a modest increase of about 4%, compared to the 11.5% growth experienced in 1989, according to figures compiled by Leading National Advertisers/Arbitron Multi-Media Services. Associations spent $1.33 billion on corporate advertising in 1990, virtually identical to the $1.34 billion spent in 1989.

To a large degree, 1990 expenditures are a reflection of the trends of the times. Retailers reeling from mounting financial troubles and highly publicized takeovers, for example, turned to corporate advertising to get their key messages out. And hot issues like skyrocketing health-care costs, energy conservation and environmentalism prompted many executives to spend more money on ads to influence business leaders and decision makers.

The names of five major retail companies are now displayed prominently in the list of top 10 corporate ad spenders, accounting for more than $163 million in expenditures. *(See chart, page 18).* In addition, four of the top 10 associations which advertised in *The Wall Street Journal* are in the health care or health insurance industry, and three other top 10 *Journal* association advertisers represent the energy industry. *(See chart, page 17).*

Advertisers target media that deliver niche audiences

The biggest spending increases by corporations were for syndicated TV (up 79.8%), national spot radio (up 60.6%), cable TV (up 23.6%) and network TV (up 17.8%). Over the past five years, corporate expenditures on syndicated TV have risen 560%, while cable TV is up 211%. Association spending has not increased so dramatically, but still shows a 233% increase for syndicated TV and a 166% increase for cable TV since 1986. This shift indicates that advertisers are funneling more dollars into media they feel can better target niche audiences, a trend that is expected to continue.

Advertisers prefer these media because they reach more select audiences. Cable TV benefits from channels which appeal to specific interests, such as the all-sports channel, ESPN, and the all-music channel, MTV. The success of syndicated TV can be attributed to the wide range of syndicated programs now being offered. In the past, syndicated programming consisted mainly of game shows. Today, more news and business-oriented shows, such as "The Wall Street Journal Report," are being syndicated. This type of programming provides advertisers with a targeted business audience.

For the second straight year, advertisers spent the most money on consumer magazines, pouring $507 million into these publications. Overall, magazines and network radio continued their steady growth, both enjoying increases of more than 8%.

On the down side, corporate ad dollars spent on newspapers/Sun-

Corporate expenditures

	9-MEDIA TOTAL	Magazines
REPORT TOTAL		
1990	1,475,326	507,114
1989	1,419,487	467,797
Percent change	3.9%	8.4%
1988	1,255,221	388,630
Percent change	13.1%	20.4%
1987	1,175,103	360,833
Percent change	6.8%	7.7%
1986	790,918	342,168
Percent change 1986-1990	86.5%	48.2%

Association expenditures

	9-MEDIA TOTAL	Magazines
REPORT TOTAL		
1990	1,337,818	103,574
1989	1,343,433	98,007
Percent change	(.004%)	5.7%
1988	1,209,051	86,942
Percent change	11.1%	12.7%
1987	1,104,326	85,457
Percent change	9.5%	1.7%
1986	845,374	79,849
Percent change 1986-1990	58.3%	29.7%

Corporate advertising expenditures 1986–1990 nine media

(in $ thousands)

Newspapers Incl. Sunday Magazines	Outdoor	Network Television	Spot Television	Syndicated Television	Cable TV Networks	Network Radio	National Spot Radio
233,659	6,178	475,592	157,493	13,324	30,522	23,226	28,219
264,240	6,736	403,578	206,065	7,409	24,691	21,404	17,568
(11.6%)	(8.3%)	17.8%	(23.6%)	79.8%	23.6%	8.5%	60.6%
224,529	8,039	437,396	161,064	5,923	12,843	16,797	—
17.7%	(16.2%)	(7.7%)	27.9%	25.1%	92.3%	27.4%	
225,663	8,201	371,847	163,803	6,973	10,772	27,017	—
(.005%)	(2.0%)	17.6%	(1.7%)	(15.1%)	19.2%	(37.8%)	
11,805	8,024	252,657	140,037	2,018	9,794	24,416	—
1,879.4%	(23.0%)	88.2%	12.5%	560.3%	211.6%	(4.9%)	

Newspapers Incl. Sunday Magazines	Outdoor	Network Television	Spot Television	Syndicated Television	Cable TV Networks	Network Radio	National Spot Radio
117,089	4,904	112,898	898,366	11,156	16,433	28,711	44,685
134,039	5,348	130,266	868,286	7,229	17,177	26,296	56,785
(12.6%)	(8.3%)	(13.3%)	3.5%	54.3%	(4.3%)	9.2%	(21.3%)
131,553	6,308	173,605	768,558	6,760	15,835	19,490	—
1.9%	(15.2%)	(25.0%)	13.0%	6.9%	8.5%	34.9%	
100,654	7,347	156,625	722,559	5,606	9,686	16,392	—
30.7%	(14.1%)	10.8%	6.4%	20.6%	63.5%	18.9%	
5,865	8,119	148,509	572,920	3,346	6,161	20,606	—
1,896.5%	(39.6%)	(24.0%)	56.8%	233.5%	166.7%	39.3%	

Source: LNA/Arbitron Multi-Media Services as compiled by Leading National Advertisers, Inc. Cable TV media data was added to the database in 1985, syndicated TV in 1986 and newspapers in 1987. Newspapers were tracked separately until 1990. That data was then combined with Sunday magazines to make room for another category on the computer printout. This new category – national spot radio – was added to the database in 1989.
Numbers in the database are updated on a daily basis. The numbers appearing on these charts are rounded to the nearest whole digit.
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day supplements fell off 11.6% and spending on spot TV plummeted 23.6%. Despite the declines, these two mediums, along with network TV, are still the dominant forms of corporate advertising.

As in the past, association ad spending continues to be dominated by car dealers, with eight of the top 10 advertisers falling into this category. Car dealers continue to favor spot TV, spending more than $709 million on this medium. Spot TV is effective because it targets regional audiences at a reasonable price.

Retailers searching for the upper hand in an increasingly competitive marketplace made corporate advertising their trump card in 1990. Sears Roebuck & Co., May Department Stores Co.,

Continued

Wall Street Journal advertising

January to December 1990
(Ranked by total media dollars in $ thousands)

Top 10 spenders: corporations

	1990 Linage	1990 Dollars
1. Cigna Corp.	77,140	4,354,162
2. Federal Home Loan Mortgage Corp.	42,645	2,683,395
3. Xerox Corp.	44,067	2,670,141
4. General Motors Corp.	41,885	2,651,728
5. Daewoo Corp.	42,369	2,490,567
6. JP Morgan & Co. Inc.	39,063	2,213,736
7. Chase Manhattan Corp.	34,703	2,150,692
8. Wang Laboratories Inc.	30,209	2,027,454
9. Travelers Corp.	34,823	1,988,629
10. Federal National Mortgage Assn.	33,724	1,936,610
TOP 10 TOTAL	420,628	25,167,114
TOTAL: ALL OTHERS	1,744,651	103,121,119
REPORT TOTAL	2,165,279	128,288,233

Top 10 spenders: associations

	1990 Linage	1990 Dollars
1. American Gas Assn. Inc.	16,000	949,084
2. Lexus Dealers Assn.	11,691	776,332
3. Blue Cross & Blue Shield Assn.	6,037	342,017
4. Teachers Insurance & Annuity Assn. of America	5,858	332,043
5. U.S. Council for Energy Awareness	4,228	283,266
6. Blue Cross of California	3,294	279,556
7. Delta Dental Plans Assn.	4,800	268,608
8. Chemical Manufacturers Assn.	3,553	238,524
9. American Medical Assn.	3,037	183,997
10. American Petroleum Institute	2,664	176,131
TOP 10 TOTAL	61,162	3,829,558
TOTAL: ALL OTHERS	21,888	1,552,715
REPORT TOTAL	83,050	5,382,273

Source: Leading National Advertisers. Data ranked on 1990 dollars. © Copyright 1991 by Publishers Information Bureau, Inc. as compiled by Leading National Advertisers.

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Campeau Corp., RH Macy & Co., Inc., and Dayton-Hudson Corp. all made the top 10 corporate ad spenders list.

Sears Roebuck, the third-highest corporate ad spender, spent $50 million to further develop its "brand central" image and to fight off challengers in the market. Campeau, the seventh-highest spender, and ninth-ranked RH Macy fended off negative publicity surrounding buyouts and rumored takeovers by pouring $31 million and $24.8 million, respectively, into corporate advertising.

In an effort to target specific store areas and specific types of customers, retailers took a regional approach to their ad purchases. Campeau, RH Macy, Dayton-Hudson and May all spent most of their ad dollars on newspapers and Sunday magazine supplements.

The prominence of retailers in corporate advertising contrasts sharply with the top ad spenders of only five years ago. Since 1986, only three companies – GM, AT&T and Ford – have remained in the top 10. Five years ago, computer companies, including IBM, Hewlett-Packard and Unisys, dominated the top 10 list.

The main reason for the decline is that large high-tech companies have already established their corporate identities. As a result, they are targeting their markets better and advertising more in trade journals and other publications that appeal to their key audiences.

GM is number one corporate ad spender

The top-spending corporate advertiser in 1990 was General Motors. The auto giant spent almost $155 million, two-thirds of it on network TV, catapulting it to the number-one spot from its ninth-place '89 finish when it spent only $33 million. GM's judicious spending on network, spot and syndicated TV is the main reason why all these mediums experienced growth in 1990. If not for GM's generosity, the year-end totals would be considerably lower.

GM also topped the top 10 list of association advertisers. The General Motors Corp. Dealers Association spent almost $270 million on corporate advertising; $245 million was spent on spot TV.

A new top 10 at *The Wall Street Journal*

As might be expected, banks and insurers dominated the top 10 list in *The Wall Street Journal*. Six of the top 10 are related to the banking or insurance industries, including the top two: Cigna Corp. and Federal Home Loan Mortgage Corp. These industries favor the *Journal* because the national business daily provides communication with a large, upscale audience. Of the top 10 *Journal* advertisers, only two remain from last year's list.

More interesting are the associations which advertised in the *Journal*. Six of the top 10 are new. In addition, the top 10 is now loaded with health-care related organizations, including Blue Cross & Blue Shield, Blue Cross of California, Delta Dental Plans Association, and the American Medical Association. These associations are increasing their efforts to communicate with business leaders regarding health cost issues.

Organizations concerned about energy and environmental issues also poured more money into the *Journal*. American Gas, the U.S. Council for Energy Awareness, and the American Petroleum Institute were all top 10 *Journal* spenders, as well.

While not growing as quickly as cable or syndicated TV, the networks have continued to register healthy gains last year and during the past five years. Corporate spending increased 17.8% in 1990 and has increased more than 88% since 1986.

Magazines continued to show steady growth with both corporate and association advertisers. The latest surge in retailer spending may have reduced magazines' growth, however, as many retailers prefer broadcast advertising to reach their key consumer markets.

Paul H. Alvarez, Fellow, PRSA, is vice chairman of Ketchum Communications Inc., the parent company of Ketchum Public Relations, Pittsburgh, PA.

Corporations

	9-MEDIA TOTAL
1. General Motors Corp.	154,509
2. American Telephone & Telegraph Co.	59,545
3. Sears Roebuck & Co.	50,504
4. Ford Motor Co.	46,025
5. Chrysler Corp.	41,201
6. May Department Stores Co.	32,621
7. Campeau Corp.	31,070
8. United Telecommunications Inc.	25,114
9. RH Macy & Co. Inc.	24,822
10. Dayton-Hudson Corp.	24,522
TOP 10 TOTAL	489,931
TOTAL: ALL OTHERS	982,707
REPORT TOTAL (all companies reporting)	1,475,326

Associations

	9-MEDIA TOTAL
1. General Motors Corp. Dealers Assn.	269,840
2. Ford Auto Dealers Assn.	168,972
3. Chrysler Corp. Dealers Assn.	91,675
4. Toyota Auto Dealers Assn.	89,426
5. Honda Dealers Assn.	54,948
6. Nat'l Dairy Promo. & Research Board	54,924
7. Toyo Kogyo Co. Auto Dealers Assn.	49,657
8. National Live Stock & Meat Board	32,388
9. Hyundai Dealers Assn.	28,008
10. Mitsubishi Auto Dealers Assn.	26,942
TOP 10 TOTAL	866,779
TOTAL: ALL OTHERS	455,859
REPORT TOTAL (all companies reporting)	1,337,818

Top 10 corporate ad spenders nine media

January to December 1990
(Ranked by total media dollars in $ thousands)

Magazines	Newspapers incl. Sunday Magazines	Outdoor	Network Television	Spot Television	Syndicated Television	Cable TV Networks	Network Radio	National Spot Radio
25,554	3,862	41	105,934	11,832	1,121	3,213	2,132	820
7,294	596	—	35,572	7,937	1,581	5,062	796	706
4,159	14,425	4	25,273	867	1,857	1,168	2,475	277
19,905	431	176	19,367	123	634	286	4,399	704
8,543	590	2	23,120	1,072	943	688	17	6,226
22	30,618	—	—	1,961	—	—	—	20
53	27,655	—	—	3,361	—	—	—	—
32	—	—	22,052	865	1,864	302	—	—
182	23,525	—	—	1,115	—	—	—	—
—	14,618	—	291	9,585	—	24	—	5
65,744	116,318	223	231,609	38,719	7,999	10,742	9,819	8,758
440,210	116,332	5,955	243,983	118,694	5,325	19,779	13,407	19,022
507,114	233,659	6,178	475,592	157,493	13,324	30,522	23,226	28,219

Magazines	Newspapers incl. Sunday Magazines	Outdoor	Network Television	Spot Television	Syndicated Television	Cable TV Networks	Network Radio	National Spot Radio
—	20,169	119	1,027	245,573	—	22	—	2,931
—	18,399	877	3	146,546	—	—	—	3,148
27	2,626	59	89	80,811	—	—	—	8,063
—	3,821	245	—	84,581	—	—	—	778
—	2,987	8	—	50,682	—	—	—	1,271
14,045	—	—	25,856	4,455	4,067	6,502	—	—
—	1,922	—	—	47,736	—	—	—	—
10,194	439	5	12,623	2,024	—	1,177	5,718	208
—	1,328	—	—	26,680	—	—	—	—
—	668	—	—	26,235	—	—	—	39
24,266	52,359	1,311	39,598	715,322	4,066	7,701	5,718	16,437
79,308	59,455	3,455	73,301	174,929	7,090	8,050	22,992	27,280
103,574	117,089	4,904	112,898	898,368	11,156	16,433	28,711	44,685

Source: LNA/Arbitron Multi-Media Services as compiled by Leading National Advertisers, Inc. Cable TV media data was added to the database in 1985, syndicated TV in 1986 and newspapers in 1987. Newspapers were tracked separately until 1990. That data was then combined with Sunday magazines to make room for another category on the computer printout. This new category – national spot radio – was added to the database in 1989.
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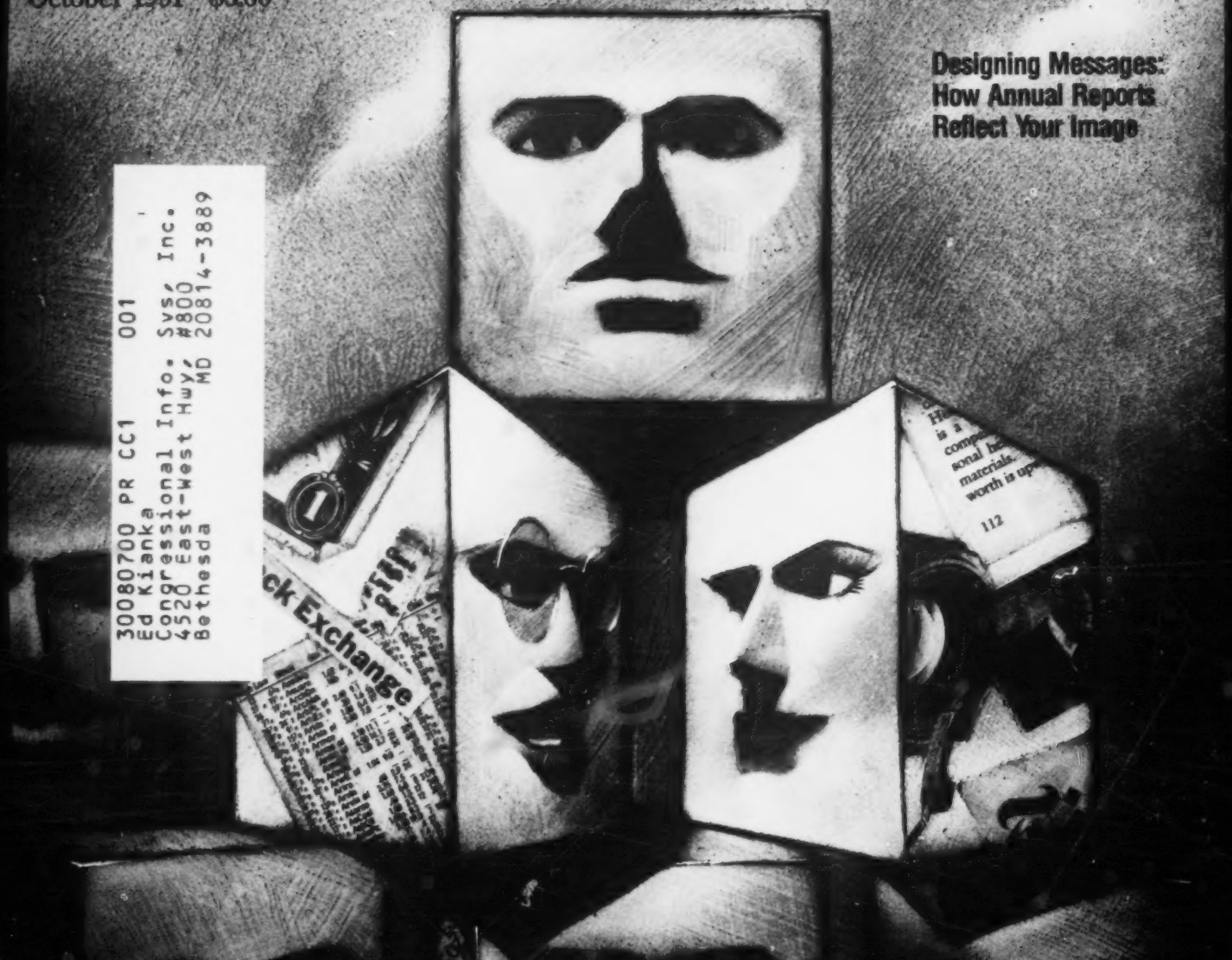

BUILDING BETTER FINANCIAL COMMUNICATIONS:

IR SPECIALISTS COOPERATE WITH OTHERS IN CORPORATE STRUCTURE

PUBLIC RELATIONS JOURNAL

October 1991 Vol. 47 No. 10

FEATURES

10 Ethical Choices, Tactical Skills, Focus of "what's Right?"

As those charged with bridging the communications gap between firms, clients and the public, practitioners are often forced to make difficult choices. PRSA's National Conference takes up this challenge, as these Conference highlights show. A list of exhibitors which will display products and services for practitioners at the Conference is included.

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Annual reports have evolved into a communications tool that goes far beyond discussing the corporate bottom line. See how corporate communicators, aided by design professionals, are using graphic design tools to tell their stories, and market and position their companies.

Adam Shell

18 Building Better Financial Communications: IR Specialists Cooperate With Others in Corporate Structure

The best-run companies are building a communications strategy based on better rapport between investor relations and other specialists. Corporate and firm Investor Relations Section members report on the growing interdependence within their companies. The increasing effects of institutional activism, the media and foreign investors on IR strategy are explored.

Robert D. Ferris and Richard M. Newman, APR

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- Trying your case before small law firms

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Confronting the ethical choices

In this issue, we preview some of the highlights of PRSA's 44th National Conference, to be held Nov. 3–6 in Phoenix, AZ *(page 10)*. The Conference theme is "what's Right?" The program is designed to help public relations practitioners "confront the ethical choices" they face on a daily basis, according to Davis Young, Fellow, PRSA, and Conference chairman.

For the public relations professional, striking a balance between accurate representation and advocacy of a client's or organization's cause may present immediate ethical choices. Facts can be communicated selectively, with certain facts emphasized to suit a specific target audience. It's often difficult to tell the whole truth, because some of the truth is almost always unflattering to the teller or his cause.

Combating the cynical view among some publics, including some media, of public relations as trickery or, at best, publicity seeking, is a constant battle for practitioners who care about their image. Ethics or the perceived lack thereof is at the heart of this issue. To change negative attitudes about public relations requires dialogue with adversaries, recognition of the counseling function by non-practitioners, and adherence to professional standards of proficiency and practice.

If you come to Phoenix, promises Young, expect to be confronted by "a wide range of ethical issues that touch on human rights, truth, information flow, individual and organizational directions." You will definitely observe a culturally diverse mix of practitioners and presenters delving into topics that should raise your sights for yourself and your profession.

The staff of *Public Relations Journal* looks forward to meeting many of our readers at the Conference in November. We are also eager, as we believe you will be, to "confront the ethical choices" in an atmosphere of sharing, caring and learning.

Susan L. Fry, Editor

Mission Statement*

The *Public Relations Journal*, published by the Public Relations Society of America, will position itself, through editorial and visual excellence, as the preeminent journal on public relations for practitioners in public relations and related fields, educators and those persons who are either responsible for, or who have direct interest in, the public relations function.

The *Public Relations Journal* will be issue-oriented and will cover theory and practice as well as developments affecting the practice of public relations and impacting on the Society and its institutions.

The *Public Relations Journal* will be considered the centerpiece of the publications program of the Public Relations Society of America and will receive top priority as to budget, timeliness, and effort, the goal being to increase continually the quality of the magazine.

*Policy of the PRSA Board of Directors

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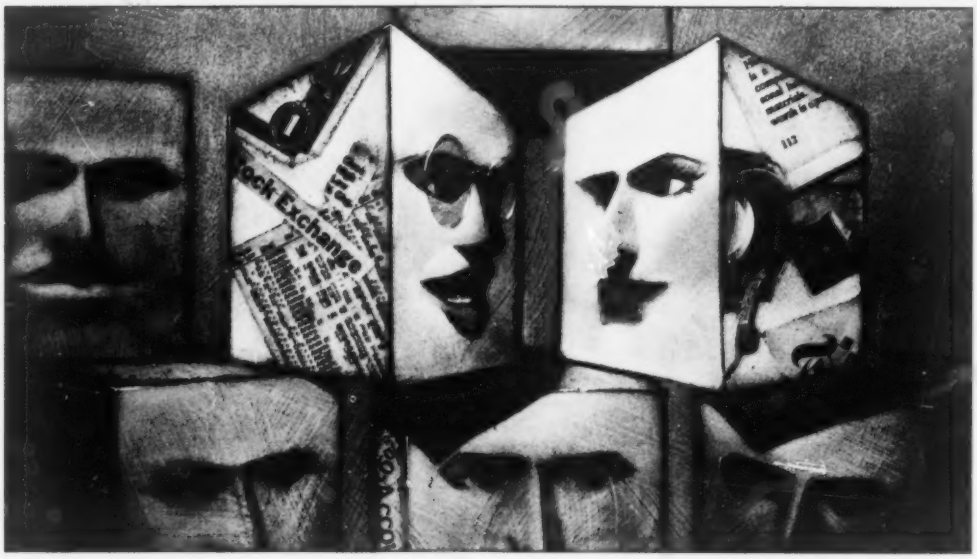


Clear corporate communication on financial matters increasingly depends on cooperative efforts by both investor relations and other public relations professionals. While turf wars still exist, the best-run companies are building a consistent communications strategy based on better rapport between investor relations and other specialists, according to a recent survey of members of PRSA's Investor Relations Section.

Robert D. Ferris and **Richard M. Newman, APR**

In an era when a company's financial position is often discussed in the popular press, there's a growing need for interdependence between investor relations (IR) and other corporate communications professionals. Traditionally, both have worked on such corporate communications to stakeholders as annual reports or the CEO's speech for the annual stockholders meeting. In general, the IR person obtained and presented figures which the corporate or media relations person relayed to the financial and/or trade press.

The growing influence of institutional as opposed to individual stockholders over corporate governance has affected the communications picture, too. To a lesser extent, so has the growth of foreign investors. A broader range of media are looking into corporate finances, which puts pressure on IR and other corporate spokespeople to cooperate. Financial analysts, who used to be the sole purview of IR people, have become third-party sources for the business press, who had traditionally been wooed by other corporate communicators. Activist shareholders are also stirring the media pot in attempts to put political or social issues on corporate agendas.

These trends emerged when *Public Relations Journal* surveyed members of the Public Relations Society of America's Investor Relations Section in June. Of 301 section members contacted, 66 (almost 22%) responded. *(See box, page 20.)* While the survey findings are not projectable to the universe of investor relations practitioners as a whole, the opinions expressed by those surveyed provide a snapshot of corporate financial communications today.

The survey findings clearly indicate increasing interdependency between investor relations and other public relations functions in corporations. In fact, IR practitioners have relationships with many different departments in the corporate hierarchy, including human resources, finance and accounting, law and the corporate secretary, and the offices of the CEO, CFO, COO or chairman of the board. In addition to these internal publics, IR specialists deal primarily with bond/stockholders, financial community influentials, and the media on corporate and financial issues. Many of these external

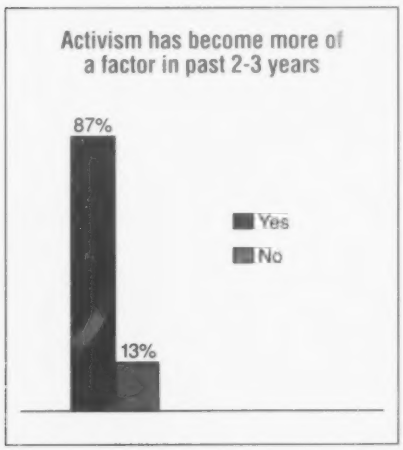
relationships clearly require close cooperation with media/corporate relations practitioners in presenting a consistent message to the outside world.

Communications reflects strategy

Financial communications can make or break a company's image and obviously have strong bottom-line impact. As a result, top corporate management keeps a watchful eye on these messages and seeks consistent presentation, regardless of who speaks for the company. Ideally, financial communications emanate from the top level of the corporation and reflect its overall strategy.

IR is an increasingly important part of the corporate strategy. Among corporate respondents who commented, more than half expressed this view. What seems to vary from company to company is how IR is positioned within the management structure. Again on this question, respondents stressed the importance of IR and other communications professionals cooperating to send clear financial messages. Perhaps because of the subject matter, relatively few survey respondents identified themselves for attribution.

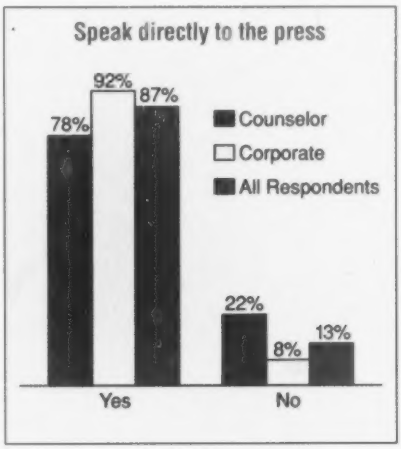
Financial analysts were earmarked as a key target audience in the strategic plan. "IR is recognized as an important function to convey the corporate strategy to the financial community," stated one corporate practitioner. "IR is positioned very high in our



company," stated another respondent. "We don't want to surprise anybody, so we diligently keep influential analysts informed."

IR is "part of achieving corporate goals via better access to capital markets," remarked one corporate practitioner. The person with the IR responsibility is "part of senior management," commented another. "He has input on almost all major (financial) discussions." At another company, IR "reports directly to the chairman and works in conjunction with the CFO." The specialty has been "pushed to high priority in the last four years," another source said.

IR is "part of the strategic planning department rather than finance" at our company, one respondent wrote. In contrast, another executive reported: IR is "formally within the corporation's financial staff. I'm on the corporation's communications staff and work closely with the IR function."



IR is "a key player in minimizing the cost of capital to sustain continued high growth," stated Lonnie Fogel, director of public relations, The Home Depot, Atlanta, GA. IR activities are "key to keeping stock at an acceptable value during a period of weak markets," another source concurred.

IR is not a "formalized part of corporate strategy but important to the CFO and COO," stated James M. Simon, VP, corporate communications, Medco Containment Services, Montvale, NJ. He was part of a vocal minority of corporate and firm practitioners who thought IR got short shrift from top management in strategic planning.

Question strategic impact

IR is "viewed as a necessary evil to reduce the cost of capital, yet (it is given) little strategic planning (support)," one corporate executive complained. This view was shared by about half of the handful of IR counselors who commented on IR as part of their clients' strategic plans.

"Unfortunately, most clients still see IR as a staff function divorced from the true corporate strategy," explained Helio Fred Garcia, APR, managing director, Clark & Weinstock Inc., a New York City counseling firm. "This will change."

"IR is of critical importance (to clients)," disagreed other counselors. IR firms handle "major c[illegible] with the financial community to d[illegible] the corporation's views and plans. We serv[illegible] as a conduit to receive comments from analysts and shareholders and pass them on to upper management," summarized another counselor.

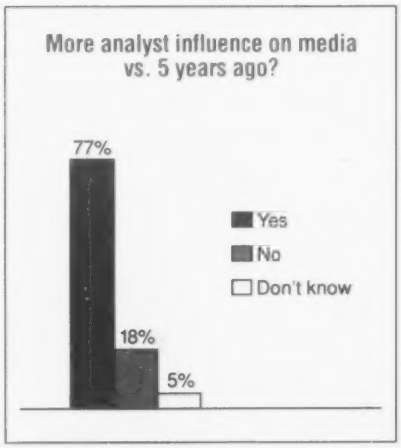
Institutional activism growing

In the past two or three years, institutional activism has become more of a factor in investor relations, according to the survey. A strong 87% of respondents reported this to be true, and 38% said activism actually affected their company or clients greatly or moderately. Conversely, 62% of respondents felt little or no impact from activism at the moment.

But when asked if they thought activism would continue to be a key element in the future, 60% of corporate respondents and almost 88% of counselors replied, "Yes."

"Institutional participation is expected to be more assertive in the future," stated Anthony Florence, APR, VP, communications and marketing support, Ansaldo Trasporti North America, Pittsburgh, PA. He seemed to imply that pension fund managers and other large shareholders, such as mutual funds, might put increasing pressure on corporate managements and boards.

Florence's concern about the future influence of institutional investors was echoed by several of his counterparts. "Although institutional holders are not a majority, they certainly have not hesitated to let their opinions be heard, especially on



issues such as executive compensation and adoption of an ESOP," one corporate practitioner explained.

"Anti-takeover issues, legislation and issues such as confidential voting, disclosure equality and expanded disclosure, and foreign investment will be growing concerns," another corporate executive forecast.

Preparing for the future

While companies with larger market capitalization responding to the survey clearly see or are exposed to increased activism, counselors and those with smaller

cap companies perceive that activism is a threat which will grow. While they may not be directly affected, they do need to be sensitive to the trend.

"Activism unfortunately will be a growing part of our work (that) we must address," advised counselor Sherwood Lee Wallace, president and CEO, The Investor Relations Co., Northbrook, IL. While some is good, much is drowning in overkill and trivia."

IR practitioners seem to be accepting the idea that institutional activism may be a good thing. After all, institutional activism is aimed at assuring that the institution gets maximum return on its investment. An institution with large holdings in a company often seeks to effect a corporate restructuring or recapitalization that adds value to their investment. It's up to IR practitioners to seek a dialogue with institutional representatives to address these concerns, even if the institution's goals are not always consistent with a company's strategy.

"Corporate activism tends to be considered by my clients as a public relations problem, not so much an IR problem," said Fred Fajardo, senior vice president, Gavin Anderson Doremus & Co., New York City. "The corporate public relations department is usually assigned to deal with it."

Activism is "still more of an annoyance or 'image' problem than something that severely affects the operations of a corporation," concluded counselor Garcia of Clark & Weinstock. As one corporate practitioner put it, "We have not been concerned with activism. However, I'm encouraging the CFO and CEO to give it more attention."

"More groups see the possibility of achieving political goals under the guise of investor activism," another counselor stated. "More and more communities have vocal citizen activist groups," a firm practitioner pointed out. "In the past three years, we've had to address issues brought by these groups."

"While institutional investors have remained passive up to now, at least with my clients, I believe this will change," said Gabriel Werba, APR, president, Gabriel Werba & Associates, Inc., Detroit, MI. "I find large individual investors, however, becoming more vocal."

Media influences investors

Media has had an increasing influence on investors, at least in terms of piquing their interest in certain companies. In the United States, this has resulted from a precipitous drop in the influence of sell-side (brokerage community) research among institutional investors. In addition, there are fewer intermediaries selling ideas to institutions today. At the same time, there are more investable institutional dollars – pension funds alone amount to $278 billion! The

IR Methodology

Survey Respondents Represent Cross-Section of Corporate Experience

PRSA Investor Relations Section members responding to *PRJ's* survey represent a broad cross-section of corporate titles, experience, responsibilities and reporting patterns. Of 66 responses tabulated, 25 (38%) came from members of counseling firms and 41 (62%) were from corporations. Of the counselors, virtually all (91%) were in the top management ranks at their firms. Of the corporate respondents, 39% were at the director level, 33% had "manager" titles and 15% were vice presidents.

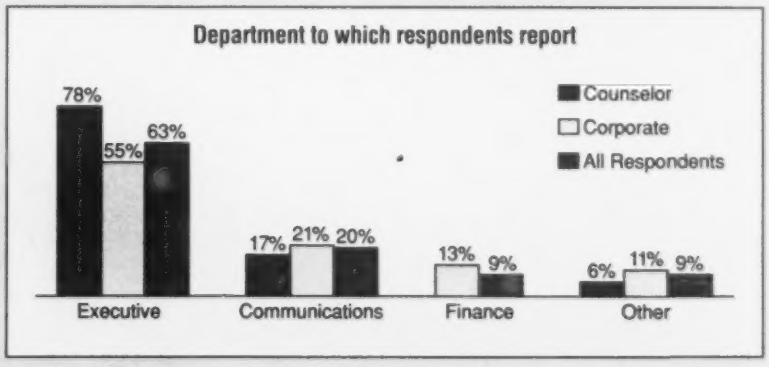
Titles among corporate respondents varied widely, with all of the following, and, of course, "investor relations," listed as areas of specialty: communications, corporate affairs, corporate relations, external relations/strategic services, marketing, public relations, media relations, financial communications, financial relations, press relations, and sales and financial reporting.

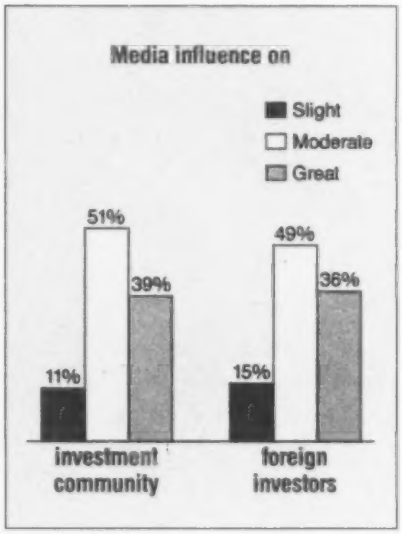
Counselors in the sample tended to have more experience, with 80% saying they had worked in an IR-related position for nine or more years. In contrast, just 34% of the corporate practitioners had held IR-related jobs for nine years or more and 46% had four or less years of experience in IR.

Many of the corporate respondents apparently work in big business, the survey showed. More than 42% worked at companies with more than $1 billion in market capitalization (number of outstanding shares x stock price). Another 17.5% worked at corporations with $500.1 million to $1 billion in stockholder equity. Five respondents (12.5%) reported corporate "market cap" of $100 –$500 million. Ten percent worked at companies with $50.1–$100 million in stock value. And 17.5% reported market caps of $1–$50 million.

Asked to what department they report, survey respondents presented a varied picture. (*See chart below.*) Of the total sample, 63% reported to the "executive" office (CEO, COO, board chairman), about 20% to a boss in "communications," 9% to "finance" and 9% to "other." However, nearly 78% of counselors in the sample reported to the executive office and about 17% to the corporate communications department. Not one counselor reported to the finance department and only 6% listed "other" choices.

In contrast, 55% of corporate practitioners in the sample reported to the executive office, 21% to the communications department, 13% to finance and 11% to other departments.–*S.L.F.*





media, including general and trade press as well as financial, has therefore become more of a means to introduce investors to companies.

Both IR and corporate public relations practitioners encounter media in many forms today. According to the survey, corporate IR specialists tend to have more to do with media relations than counselors with an IR focus. Two-thirds of the counselors in the sample reported their firms had "a separate media relations function," while only 38% of corporate IR practitioners said that this was true at their companies.

On a related question, a vast majority of all respondents said they "speak directly to the press on behalf of their corporation or clients." This tended to be true regardless of the nature of the media: financial, trade or general. In a related question, 75% of counselors and almost 90% of corporate IR practitioners stated they were "named as a contact for media inquiry on certain matters." Only a handful said their role as a point of contact for media had changed in the past few years.

As for media influence, a majority of those surveyed felt the investment community today is "moderately" (51%) or "greatly" (39%) influenced by the media.

As for financial analysts, more than three-quarters of those surveyed said this group had more influence on the media than five years ago. "They're called for comments by reporters much more often than in the past," observed counselor Gabriel Werba of Detroit.

However, many survey respondents questioned whether analyst comments actually influenced investors. As the population of employed analysts has shrunk, the number of analysts marketing their services via the media has increased. The theory, on the IR experts side, is that most important opinions, other than those of economists, are for paying clients' ears only, *not* for the media.

Talking to foreign investors

As for the media's impact on foreign investors, a majority of those surveyed again found the influence moderate (49%) or great (36%). However, it was unclear from the survey results what the influence of foreign investors was on the companies represented.

As for foreign IR activities, survey respondents felt they differed little from standard U.S. practice. To communicate with foreign markets, one corporate practitioner distributes international news releases in consultation with the IR director and management. Another produces "supplements to the annual report for

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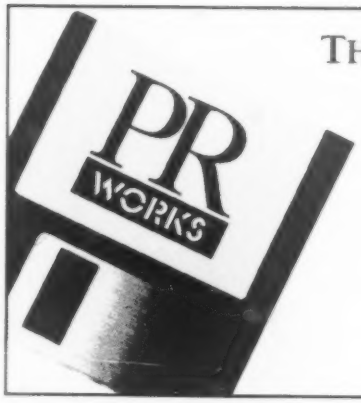

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Foreign investors affect IR

Continued from page 21

Asia/Pacific and Europe detailing corporate activity in those regions." Still another arranges "direct visits to foreign investor groups and individual meetings." Still another "works through the company's international department to develop stories for foreign trade publications and produces appropriate financial communications."

Counselors involved in international IR tend to take a similar tack – business as usual with a foreign accent. Activities involve "mailings, meetings and materials – the same as in the domestic market," executives at four different firms agreed.

Call for more cooperation

Foreign investors will have an increasing influence on IR practice in the future, and media will play a role in how they receive their information, the survey found. "The farther away investors are located from an event, and the less direct news they receive from companies, the greater the impact of the news media on their decisions," one respondent summarized.

Financial communications can make or break a company's image

On the domestic front, institutional and individual investor activism is perceived as a growing concern for IR professionals and their fellow communicators. These trends combined with the larger role of media in influencing shareholder publics will challenge the IR practitioner of the future. Clearly, financial communicators are being called upon to address an increasingly complex mix of internal and external publics, sometimes through unfamiliar intermediaries. The situation calls for more cooperation than ever among IR specialists and other communicators in the corporate structure to present consistent messages to investors and those who influence them.

Robert D. Ferris is executive vice president and practice leader, investor relations, at Gavin Anderson Doremus & Co., a counseling firm in New York City. He is treasurer of PRSA's Investor Relations Section and a frequent contributor to books on financial marketing, investor relations and takeover crisis communications strategies. Richard M. Newman, APR, is managing partner, The Newman Group, New York City, and chairman of PRSA's Investor Relations Section. An expert in investor relations, Newman has developed training programs for New York University and The Professional Development Institute.

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